REPORT No. 3
1987

HOUSING TRENDS 1976-1986

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METROPOLITAN TORONTO PLANNING DEPARTMENT

METROPOLITAN PLAN REVIEW

The Municipality of Metropolitan Toronto

Metropolitan Plan Review

Report No. 3

HOUSING TRENDS
1976 - 1986

A background document in the review of
"The Official Plan For The Urban Structure: Metropolitan Toronto"

Prepared by the Policy Development Division of the
Metropolitan Toronto Planning Department

1987

PREFACE

The Official Plan for the Municipality of Metropolitan Toronto, entitled "Official Plan For The Urban Structure: Metropolitan Toronto", was adopted and largely approved in 1980. The Plan applies to the Metropolitan Planning Area comprised of the Cities of Toronto, Etobicoke, York, North York and Scarborough and the Borough of East York. This area is illustrated on Figure 1.

In March 1986, the Metropolitan Council approved a program to review the Plan. That program has been published as "Report No. 1: Program", (April 1986, Metropolitan Toronto Planning Department) and copies are available from the Department.

The Metropolitan Plan Review will proceed by studying five major subject areas, namely:

- regional assumptions and the concept;
- housing and residential development;
- employment areas and activities;
- transportation; and,
- open space and environment.

Phase 1 of the review process, of which this study is a component, is the preparation and publication of a series of technical background and proposal papers covering the above five subject areas. Community response to those papers is an integral part of the Metropolitan Plan Review and is encouraged from all sectors and levels of the community. All responses will be considered in any subsequent policy reports recommending revision to existing policy.

The Review of Housing Trends, 1976-1986 is a technical background report which is the first of two reports examining housing policy and implementation in the Metropolitan Toronto Planning Area.

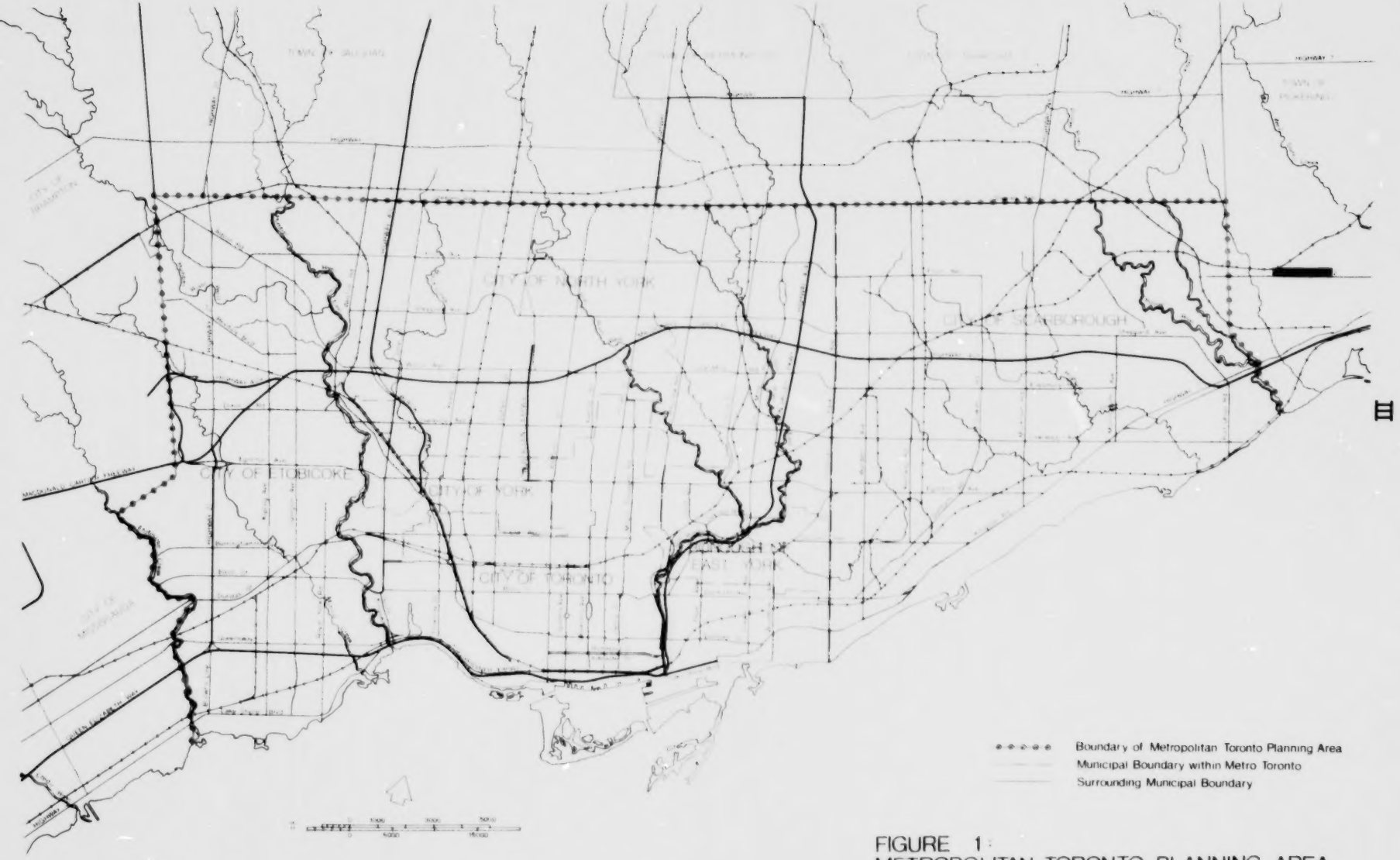

FIGURE 1:
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HOUSING TRENDS
1976-1986

EXECUTIVE SUMMARY

1.0 INTRODUCTION

Many residents of Metropolitan Toronto are extremely well housed; however, the situation is very difficult for those trying to get into the home ownership market, or for those who have recently entered the rental market or have lower incomes.

As part of the Metropolitan Plan review process, a review of housing activity and policies in Metropolitan Toronto has been conducted for the ten-year period since 1976. This date relates to the publication of the discussion report "Concept and Objectives" which contained many of the themes, assumptions and data on which the Official Plan was based. This report covers a variety of subjects including housing production, affordability, housing programs, demographics and current policies in the Official Plan. Several proposals to address future needs are suggested for amendment to the Plan and for action by other levels of government.

Today, as has been the case for a number of years, housing problems continue to be a major issue. Housing affordability affects many households but those hardest hit are low-income singles and families who face a tight rental market where landlords can pick and choose their tenants. Issues of regional co-ordination have come to the fore again because the Toronto housing market affects residents of five separate regional governments (including Metro), and yet, there is no co-ordination of housing policy for the area as a whole.

2.0 THE HOUSING MARKET

2.1 Housing Production

The following points summarize housing production within Metro and the surrounding regional municipalities of York, Durham, Peel and Halton over the last ten years:

- Average annual housing production in Metro Toronto has fallen from 13 900 units in the five-year period 1976-1980 to 8 400 for the period 1981-1986.

- Most of the decrease in the production of housing in Metro can be attributed to the fall in apartment unit construction from 8 800 units annually for the first five years to 4 700 for the next five-year period.

- Even more marked has been the decline in the production of private rental units which fell from 52% of apartment units in 1979 to 28% in 1986. Social housing and condominiums make up the majority of apartment units produced today.

- The decline in apartment unit construction in Metro was partially offset by an increase in production of single family units which averaged 1 900 units annually during the 1976 to 1980 period and increased to about 2 700 units annually between 1981 and 1986.

- Housing production in the four surrounding regional municipalities has remained relatively constant at close to 18 000 units annually over the ten-year period.

- In the regions the decline in apartment construction (from an average of 4 700 units annually in 1976-1980 to an average of 2 600 units in 1981-1986) and in attached housing was offset by increased production of single family units. Annual completions of single family housing between 1981 and 1986 was 12 800 units compared to 6 200 in the previous five year period.

- It is evident that new housing in the Toronto Region is increasingly being provided outside of Metro as Metro's supply of vacant, developable land dwindles. Nevertheless, except for last year, Metro completions are still higher than any other regional municipality in the Toronto Region.

- There has been a trend towards the single family home, both within Metro and the surrounding four regions. In the Metro region the proportion of single family units has increased from 25% of total completions in the 1976-1980 period to 60% between 1981 and 1986. During the eleven-year period, four times as many single family units were produced in the four surrounding regions as in Metro.

2.2 The Ownership Market

Between 1976 and 1986 the average price of a home (including condominiums) in the Toronto Real Estate Market (which includes Metro Toronto, Mississauga, parts of the Regions of York and Durham) rose from $61 400 to $138 900 - an increase of 126%, or 8.5% annually (compounded). Average prices were highest in Metro and reached $140 700 in 1986. High housing demand and, therefore, prices can be expected to continue to the mid-1990's as the tail end of the baby boom generation enter the family formation stage.

Because of the substantial increase in prices, housing (especially ground-related housing) has become less affordable. The recent decline in interest rates and the pent up demand from families, resulted in large volume sales in housing in 1986, pushing the price of housing up 27% in that year. Nevertheless, in 1986 housing was more affordable than during the high interest period which prevailed between 1980 and 1982. Based on data from the Canada Mortgage and Housing Corporation, home ownership affordability declined 12% between 1978 and 1986. Home ownership is especially difficult for first time home buyers, many of whom do not have the required 25% downpayment because of recent rapid house price increases.

Condominiums have become an increasingly important factor in the market. Originally viewed as an opportunity for home ownership for moderate income

family households, condominiums are now built as luxury units and as housing alternatives for singles, young couples and empty nesters.

In response to higher prices in the Metro Toronto area, families are willing to travel farther to obtain a larger home at a more reasonable price. Over the long term, this pattern of migration is a concern because of high anticipated levels of commuting into Metro where jobs are expected to continue to increase. The continuing escalation of house prices makes it increasingly difficult for first time buyers to enter the ownership market. This, in turn, places further pressure on the tight rental market.

2.3 The Rental Market

The low rate of production of rental units has resulted in record low vacancy rates. Between October, 1976 and October, 1986, the vacancy rate in the Toronto C.M.A. fell from 1.0% to .1%, or one vacant unit per 1 000 apartment units. (Metro's vacancy rate in 1986 was .1%.) The decline in production has been attributed to high (real) interest rates and rent controls. These two factors and the prospects of more profitable investments in other areas, have pushed developers out of the rental market.

Between 1976 and 1986, and despite rent controls, the costs of renting (relative to income) has increased by 20%. A significant price differential of $200 per month exists between the non-controlled and rent-controlled stock in the Toronto C.M.A. As of January 1, 1987, rent control has been extended to all rental units (except to roomers and boarders) and the large difference in rents may get smaller over time, as increases to the post-1975 stock are restrained.

The declining affordability of rental housing is the result of rent increases, the high rents in newer buildings, the conversion of lower cost units to luxury units or condominiums as well as declining tenant incomes vis-a-vis all household incomes.

In spite of a range of rental programs introduced by the senior levels of government, the programs have been unsuccessful in providing moderately priced rental units in Metropolitan Toronto because of high demand and high land costs. It is, therefore, recommended that:

1. **The senior levels of government undertake an assessment of the effectiveness in Metropolitan Toronto of the various incentive programs for rental housing production in order to determine an effective formula for such programs in Metropolitan Toronto. As an alternative, funds from senior levels of government should be directed in Metropolitan Toronto to the provision of mixed income social housing.**

2.4 Monitoring

In accordance with Section 7.C of the Metropolitan Official Plan, the Planning Department has produced a housing report annually since 1981 covering housing production, financing, government incentive programs, the private rental sector and social housing. However, much of the same information is reported in the course of the year by other agencies such as Canada Mortgage and Housing Corporation, the Toronto Real Estate Board, and the local press. In addition, the Research Divisions of the Planning Department and of the area municipalities regularly provide statistical information on housing to the public.

Consequently, the annual housing report has ceased to be a useful, up-to-date source of information. A more practical approach would be for the Planning Department to take responsibility for preparing reports from time to time on issues affecting the housing market.

It is, therefore, recommended that:

2. **The Official Plan requirement to produce an Annual Housing Report (Section 7.C) should be amended to provide for (a) on-going monitoring of the housing market and reporting from time to time of related emerging issues, and (b) a review of the housing market to be undertaken every five years (and in relation to the census).**

3.0 SOCIAL HOUSING

With the continued decline in the provision of private rental housing, social housing (primarily the co-operative and non-profit programs) has assumed increasing importance in meeting the rental demand in Metropolitan Toronto. This municipality has been involved in the provision of social housing almost since its inception, through The Metropolitan Toronto Housing Company Limited.

As of December, 1985, there were close to 65 900 social housing units in Metro (52 500 rented on a geared-to-income basis). The majority of units (except for seniors buildings) are now constructed on a mixed-income basis, with 40% directed to those needing deep subsidies and the remainder directed to those with little or no subsidy.

In 1983, after estimating a need for an additional 30 000 rent-geared-to-income units in Metropolitan Toronto, Council set a five-year annual production/acquisition target of 600 senior and 1 400 non-senior units (2 000 units annually), based on a fair share allocation within the area municipalities. However, in 1984 and 1985, only 1 200 rent-geared-to-income units were built (or 600 units on average each year). The decreasing availability of sites, continued community opposition and a shortage of funding, suggests that the targets for rent-geared-to-income units will not be met.

The past few years have seen a dramatic increase in homelessness, especially among low-income singles, in Metropolitan Toronto as in other major urban centres in Canada. Metro provides emergency housing for the homeless; however, because of the lack of affordable housing for low-income singles, these are increasingly being used as a permanent housing alternative. In 1985, Metro Council established the Metro Toronto Singles Housing Corporation (M.T.S.H.C.) to co-ordinate the development of rental housing for singles under 60 years of age. In 1986, Council approved the inclusion of $1.4 million annually in its capital budget towards such housing. An initial target of 200 units per year for the M.T.S.H.C. was established, beginning with 100 units in 1986.

Municipal zoning by-laws, however, often constitute a stumbling block in efforts to provide housing suitable for singles. Minimum unit size, parking requirements and density limits are not responsive to the requirements for smaller units or shared accommodation.

As a recent report from the Metropolitan Chairman's Office (adopted by Council in May, 1987) stated, it is now appropriate to negotiate to have singles housing approved as a Provincial program, similar to those for families and seniors. Therefore, the M.T.S.H.C. has now been incorporated into a Metropolitan Toronto Housing Development Corporation, in response to the International Year of Shelter for the Homeless, to promote affordable housing in general. A $10 million revolving fund for land acquisition has also been established to facilitate the development of social housing.

In response to the issues raised above, it is recommended that:

3. **Metro Toronto and the area municipalities co-operate in identifying sites for social housing in order that fair share targets can be achieved, and that this be referenced as an implementation policy in the Official Plan.**

4. **Section 7 of the Official Plan be amended to recognize:**
   - **the separate senior/non-senior social housing targets adopted by Council;**
   - **Metro's role in the provision of affordable housing for low-income singles.**

5. **Area municipal by-laws include provisions which respond to the requirements of singles housing (floor space index controls, small unit size, lowered parking requirements).**

4.0 METROPOLITAN TORONTO IN A REGIONAL CONTEXT

While the emphasis within Metro will shift towards redevelopment and infill, the strong demand for family housing which will continue for another ten years, will be met primarily through development of vacant land outside of Metro. As new population and housing growth takes place increasingly in the regional municipalities around Metropolitan Toronto, they constitute the new suburbs.

Although Metro Toronto has a capacity to house 2.5 million, projections based on current trends suggest a more likely figure of 2.2 million, even though the number of households will grow substantially. A separate report on residential intensification, recommends a number of policies to ensure that sufficient housing is produced in the future to house the anticipated growth in households. Even assuming moderate success in implementing such policies, it is unlikely that Metro will reach its capacity population, given the aging of Metro's population and the accompanying decline in household size, as well as the continuing provision of the majority of new family housing outside of Metro. Current and projected trends indicate increased commuting into Metro and accompanying private and social costs.

The housing market extends beyond Metro's borders. In order to address housing issues of mutual concern and to ensure a rational allocation of infrastructure, co-operation and co-ordination is required between Metro and the surrounding regions. There is also a need to ensure that sufficient rental and social housing is produced in the surrounding regional municipalities to meet housing needs of those earning less money. (There are seven times more non-senior social housing units in Metro compared to the other regional municipalities, although there are only 1.7 as many households.) Recently, the Ministries of Municipal Affairs, and Transportation and Communication co-ordinated an exercise to address the transportation needs of the Greater Toronto Area; such efforts now need to be extended to the housing field.

In order to address regional housing concerns, and to recognize more realistically the anticipated distribution of housing and population in the Toronto Region, it is recommended that:

6. **Consideration be given to revision downward of the Official Plan population target from 2.5 to 2.3 million by the year 2011.**

7. **The Provincial Government take the initiative of establishing housing strategies for the Toronto Region housing market, particularly in respect to the accommodation of private rental and social housing units, such strategies to be developed in consultation with Metropolitan Toronto and the Regional Municipalities of Peel, York, Durham and Halton.**

5.0 CONCLUSION

Housing problems continue to plague the Toronto Region, in part due to the strong economic growth of this area and its attractiveness to residents from other countries and other parts of the Country. The high costs of owning a house, especially for the first time buyer, and the low rate of rental production, means that more effective solutions are needed to increase the supply of rental housing. There will be a strong demand for ownership housing till the mid-90's, resulting in continued high housing prices. The ongoing upward pressure on the rental market, despite rent controls, and the shortage of housing for low-income singles, means that continued and more successful efforts will be needed to increase the supply of affordable housing. Finally, regional co-operation is needed to address housing issues in the Toronto Region which constitutes a single housing market. A failure to resolve housing problems could reduce the attractiveness of the Toronto Region as a place for investment. In the longer term this could undermine the economic growth of the Region.

1.0 INTRODUCTION

1.1 Purpose

The housing policies of the Metropolitan Official Plan were essentially developed in the mid-1970's. In reviewing the plan it seemed appropriate to identify important trends and developments in the housing sector over the last decade. This review incorporates the Annual Housing Report normally published at this time.

The report will review demographic trends and projections, housing production by type and tenure, incentive programs initiated by the senior levels of government and the housing policies of the Metropolitan Official Plan. Information from the four surrounding regions of Peel, York, Durham and Halton has been included since this area, combined with Metropolitan Toronto, comprises a single housing market referred to as the Metropolitan Region. Much of the material in this report is the result of discussions with representatives of the housing industry in both the private and public sectors.

These include the Toronto Real Estate Board, Cadillac Fairview, C.M.H.C., the Ministry of Municipal Affairs, the Ministry of Housing, the City of Toronto Planning and Development Department, the City of Toronto Housing Department, and the area municipal planning departments. Various Metropolitan Toronto Departments and agencies were also consulted. Much of the statistical information came from Statistics Canada, C.M.H.C. and the Toronto Real Estate Board as well as the Research Division of the Metropolitan Planning Department.

Demographic projections prepared by the Research Division of the Metro Planning Department have been used as the basis for estimating future household composition and housing needs.

Essentially, the methodology has been to review the past decade of housing in the Metro Region and project significant trends up to the year 2011. At the same time the housing policies of the Official Plan have been examined and various changes have been recommended to update these policies in light of new needs and directions in the housing market.

2.0 OVERVIEW

2.1 Regional Perspective

The Metropolitan Region is home to over 3.6 million people, of whom about 60% live in Metropolitan Toronto and the remainder in the regions of Halton, Peel, York and Durham. Metro's population has remained more or less stable over the last decade, while growth in the four regions has averaged about 42 000 persons per year, 45% of whom located in Peel.

Despite the lack of population growth in Metro, the number of households has increased substantially (from 713 000 in 1976 to 822 862 in 1986), indicating a continuing demand for housing in the municipality and a decline in household size. Much of the new household growth in Metro results from an increase in the number of single persons, childless couples and senior citizens. In contrast, household growth in the regional municipalities over the same time period (from 310 200 in 1976 to 489 116 households in 1986) is composed primarily of the more traditional family unit.

The difference in housing markets between Metro and the surrounding regional municipalities is evident from an examination of housing completions by type since 1976 (see Tables A1 and A2 in the appendix). Within Metro Toronto, apartments represent the largest proportion of completions (11 800 units or 60% out of a total of 119 549 over the last decade), while ground-related units predominate in the surrounding regions (80% of the 196 600 units built since 1976). This is due to the large tracts of vacant land available outside Metro and the relatively lower price. The sharp decline in construction of apartment and attached units which occurred after 1981 in the Metro Region was offset in the surrounding regions by construction of single family units. However, while construction of single family units increased in Metro, production was restrained by the scarcity and higher price of vacant land. As a result, production in Metro declined marketly from approximately 14 000 units per year during 1976-1980 to 8 400 units per year from 1981-1986.

2.2 Economic Context

The housing market is strongly affected by a number of factors including inflation, mortgage rates and employment levels. The last decade has seen a number of swings in the economy which affected housing production. Double digit inflation in the late 70's and early 80's created uncertainty in the housing market. Initially, this fuelled the desire for home ownership as prices rose rapidly. However, increased unemployment and a sharp rise in interest rates (up to 21%) which occurred between 1980 and 1982 considerably dampened the housing market.

High interest rates, in addition to existing rent controls, further depressed private rental construction where the mortgage market was in competition with other economic opportunities. The various incentive programs of the senior levels of government only partially offset the reduced attraction of rental investment.

Over the last four years the mortgage interest rate has declined and in 1986 stood at 10%-11% for a five-year term; the inflation rate has moderated to about 4% nationally and the rate of employment in the Metropolitan Region has increased. The healthy economy has intensified the demand for ownership housing, both condominium and single family units. This has forced up real estate prices and created a backlog in the production of single family houses.

However, private rental production has not increased significantly. The Provincial government has recently introduced measures designed to improve the profitability of rental housing to offset the expansion of rent control regulations. The steady decline in the rental vacancy rate suggests a continued reliance on government action to provide relief in the rental market.

2.3 Locational Trends

Development on vacant land is accounting for an increasingly small proportion of new housing in Metro. Fewer new units in the last decade were the result of subdivision of parcels of land 2.0 hectares (5 acres) or more. Only Scarborough

has significant amounts of vacant land; in Etobicoke, the last major vacant tract (Riverwood) is expected to be developed soon, while North York has relatively little vacant land.

Renovation and redevelopment activity provide the bulk of new housing stock. A number of trends are evident.

- "Gentrification", the upgrading and renovation of moderate priced housing, now extends beyond the areas surrounding the Core as buyers and builders seek out (potentially) attractive, well located neighbourhoods whose price structure will support the additional costs of renovation. This has resulted in a further depletion in moderate priced ownership housing, and a continued reduction in the availability of rooms, flats and apartments.

- A new form of infill has emerged. Originally, "infill" was identified either with resubdivision of large lots in suburban municipalities, or an increase in the number of units in established neighbourhoods in inner areas, particularly in Toronto. A more recent phenomena has been the replacement of smaller houses built at densities below by-law provisions by considerably larger single family units. Neighbourhood opposition to this kind of infill is rising as the new houses are sometimes out of scale with existing units.

This type of infill activity is a function of a mature municipality where underdeveloped lots are attractive for more expensive housing. Municipalities will increasingly be expected to resolve this conflict of existing neighbourhood development character and the economic pressures to maximize built form in well located areas:

- the Central Area has become increasingly attractive as a location for high density apartments, both luxury rental and condominium.

Units have been marketed in the St. Lawrence area, Harbourfront, on smaller sites throughout the area including deteriorated industrial sites, and the plan for the Railway Lands includes a large residential component. This is in keeping with Toronto's plan to increase the residential component within the Central

Area, particularly within the Waterfront. At the same time, the physical stability of lower density residential neighbourhoods in the Central Area has been maintained:

- luxury condominiums have found acceptance in suburban locations, most notably in the Etobicoke and North York Centres. This is an indication that the Centres are perceived as developing "downtowns". There is evidence that "empty nesters" from the surrounding neighbourhoods find these an acceptable alternative to single family living.

2.4 Housing Affordability

The attraction of home buying as an investment, for security of tenure, and as a financially better alternative to renting, has led to a dramatic increase in house prices over the past decade. **Average resale prices in the Toronto Real Estate Board (T.R.E.B.) Market area have increased 126% from $61 389 in 1976 to $138 925 in 1986.** Within the central area of Toronto, prices now average over $280 000. **Due to increased wages and the higher numbers of two income families, median family income has risen by the same percentage increase (from $19 757 to $44 773).** Coincidentally, mortgage rates dropped from 20% in 1982-83 to less than 10% in 1986. **According to the C.M.H.C. index of affordability for home ownership, buying a house now is almost as affordable as in 1978. However, notwithstanding the affordability index, as prices rise the downpayment increases. This constitutes a major problem for first time homebuyers.**

By comparison, affordability has been steadily decreasing for the lower end of the income scale. Since 1976 there has been a steady decline in the number of rental apartment completions in the Metro Region. Factors include rent controls and ineffective government incentives to apartment developers. Vacancy rates in the Toronto C.M.A. have dropped from 1.0 in October 1976 to 0.1% in October 1986. The 1983 Assisted Housing Study estimated that over 27% of all tenants were paying more than 30% of their income in rent. While automatic rent increases have been at or below the inflation rate in recent years, tenant incomes have not kept pace. **This, together with higher increases granted by the**

rent review process, suggests that more tenants are experiencing an affordability problem.

These economic conditions have generated increasing pressure for social housing in the Metropolitan Region. In this context, social housing means accommodation subsidized by the senior levels of government and includes both the 100% rent-geared-to-income projects of the older assisted housing programs as well as the mixed income programs currently in operation. In the outer regions the proportion of social housing units to total households has remained relatively low. There are at present only about 7 400 social housing units for families in the four Regional Municipalities, i.e., Halton, Peel, York and Durham. In Metro Toronto, there are about 48 000 family units (including market units) of which 80% are in Toronto, Scarborough and North York. This represents an increase of almost 20 000 units over the number administered by the Ontario Housing Corporation in 1976. This is in spite of the fact that Metro's assisted housing funding allocations have been cut by about 30% in the last few years. **The waiting lists indicate that the number of assisted housing units have not kept up with demand.** From the Assisted Housing Study, **about 30 000 more R.G.I. units are needed, based on targets of 2 000 per year for fifteen years. But a total of only 1 200 units were built in 1984 and 1985. Continued community opposition to the location of assisted family housing, plus the shortage of funds, suggests that the adopted targets will not be met.**

The need of housing assistance for low income single persons under 60 has recently been identified. In response, Council established the Metropolitan Toronto Singles Housing Company with an annual budget of $1.4 million and an initial target of 200 units per year. However, as a recent report from the Metropolitan Chairman's Office (adopted by Council in May, 1987) stated, it is now appropriate to negotiate to have singles housing approved as a Provincial program, similar to those for families and seniors. Therefore, the M.T.S.H.C. has now been incorporated into a Metropolitan Toronto Housing Development Corporation in response to the International Year of Shelter for the Homeless, to promote affordable housing in general. A $10 million revolving fund for land acquisition has also been established to facilitate the development of social housing.

2.5 Housing Issues

In examining housing trends over the past decade, several issues emerge:

- The supply of rental housing has not matched demand. The vacancy rate is now so low (0.1%) that an increasing number of households are unable to find suitable accommodation.

- Despite rent controls, housing affordability is an increasing issue for low and moderate income households. This is partly a result of low rental vacancy rates which reduce mobility in the rental market and allow landlords to be more selective in choosing tenants.

- Resident opposition, even to mixed-income developments, is an increasing problem in the approval process. It inevitably increases the time required to obtain the necessary approvals. This may result in loss of sites (land owners are unwilling to hold properties off the market without assurance of a sale) or loss of allocations from the senior levels of government.

- The high cost of land in Metro, as well as the desirability of better located, mature residential areas has resulted in demolition of small single family units and their replacement with larger houses. While this has been going on for some time in the older parts of Metro it has recently begun in the post war suburbs, causing neighbourhood concern.

- Solutions to housing problems within Metropolitan Toronto are increasingly constrained by policies of the surrounding regional municipalities, particularly in the areas of rental and social housing.

3.0 THE HOUSING MARKET

3.1 Housing Production

A total of 316 200 new dwelling units were completed in the Metropolitan Region from 1976 to 1986; of this total some 119 500 were in Metropolitan Toronto.

What is most evident was the shift in production of various unit types over the two time periods (1976-80, 1981-86) which seriously affected total completions within Metropolitan Toronto. Tables A1 and A2 indicate completions within Metro and the four surrounding regions. The following is a summary of annual average production by the two time periods.

Table 1:

ANNUAL AVERAGE PRODUCTION - METRO AND FOUR REGIONS
1976-1980 - 1981-1986

	1976-1980 Annual Average	1981-1986 Annual Average
Metro Toronto		
Single	1 881	2 671
Semi	1 216	448
Row	1 977	510
Apartment	8 797	4 677
	13 871	8 366
Four Regions		
Single	6 222	12 829
Semi	3 317	1 129
Row	3 934	1 070
Apartment	4 663	2 626
Total	18 136	17 655

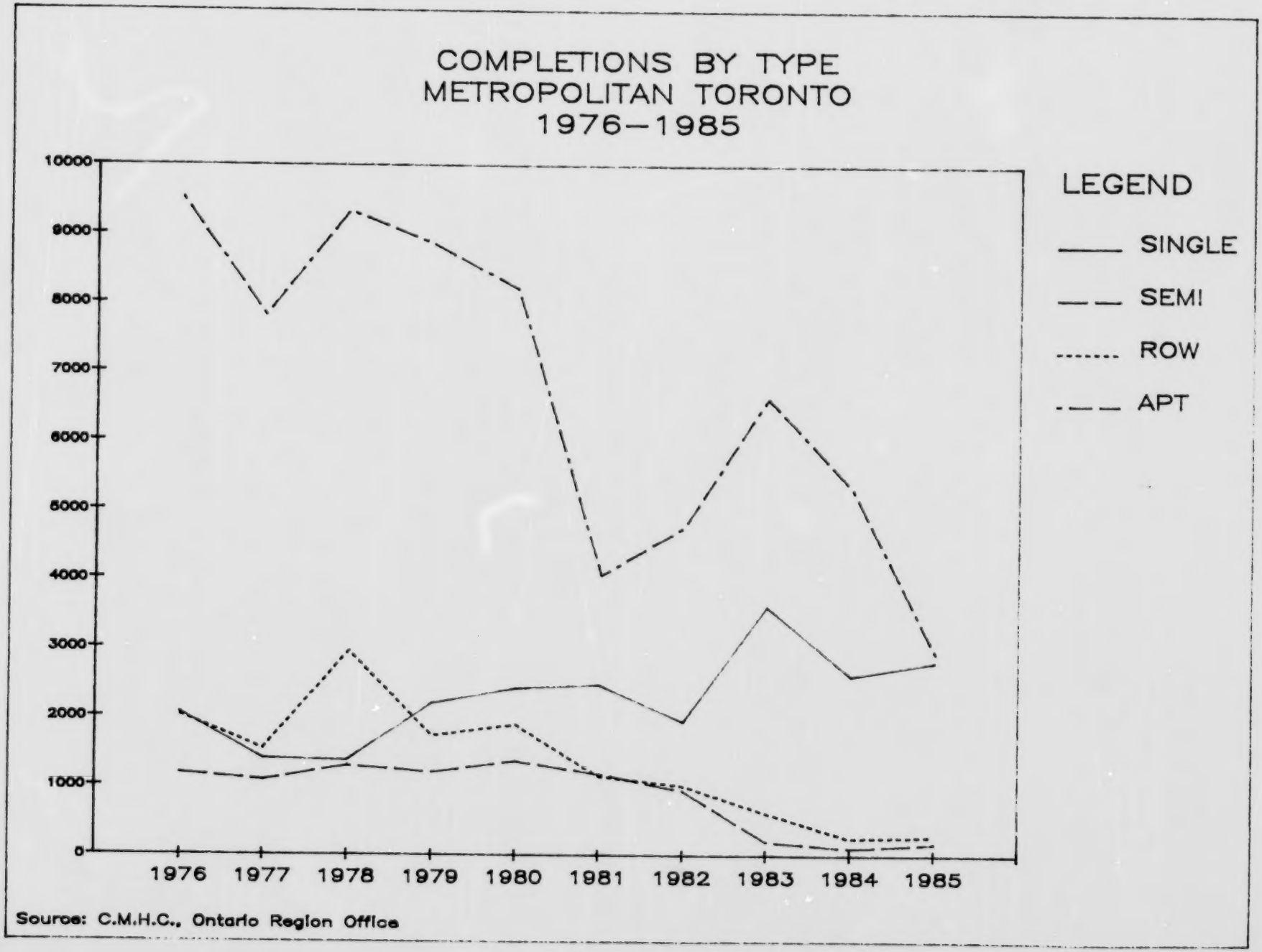
The decline in apartment construction, as well as of attached units, is strikingly evident. However, the surrounding four regional municipalities were able to meet the increased demand for single family units due to their large supplies of vacant residential land. As a result, overall unit production declined relatively little within the period. But, Metro's supply of vacant residential land is dwindling; much of the land is in smaller parcels so that units are brought on stream more slowly; and land prices are relatively higher than in the regions. As a result, the decline in apartment construction, primarily of private rental units, resulted in a sharp drop in various unit completions.

Initially (1981-1982), the poor performance of the apartment development sector was attributed to high interest rates. However, the lower and more stable rates of the last four years have not appreciably altered the pattern. It is difficult not to conclude that rent controls are a major factor against private sector investment in rental housing. Despite the lowered unit production in Metro, completions here are still higher than in any other single region, although last year for the first time, unit completions in York Region were about 18% higher than in Metro. Graph 1 indicates completions by type within Metro Toronto between 1976 and 1985.

3.2 Production of Single Family Units

There has always been a decided preference in Ontario for the detached house. Recent revisions to municipal by-laws permit detached houses on smaller lots. In addition, developers modified designs of semi-detached units to link them underground, thereby meeting requirements to construct semi-detached units while marketing these units on the basis of the above ground appearance, i.e., single-family dwellings. These measures permitted economies in the production of "single" family houses and depressed the demand for attached housing.

In comparing production between Metro and the four Regions, single family housing completions most clearly show the differences between these areas. In Metro, only limited areas of northern Scarborough and Etobicoke have had land available for housing production. Between 1976 and 1986, 25 446 single family units were constructed in Metro, while in the same period 108 087 units were


COMPLETIONS BY TYPE
METROPOLITAN TORONTO
1976–1985
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
1976
1977
1978
1979
1980
1981
1982
1983
1984
1985
LEGEND
SINGLE
SEMI
ROW
APT
Source: C.M.H.C., Ontario Region Office

completed in the four regions. (From Table A2). The high rate of household formation and the availability of vacant land supports this continuing demand for detached houses in the four surrounding regions. Table 2 below, shows the total single family detached housing stock for 1976 and 1986 for Metro and the four regions.

Table 2:

SINGLE FAMILY DETACHED HOUSING STOCK
Metro and the four regions 1976–1986

	1976	1976–86 Increase	Total Stock (1986)	% Increase from 1976
Peel	50 755	36 237	86 992	71.4
York	44 465	40 028	84 493	90.0
Durham	50 290	19 809	70 099	39.4
Halton	45 925	11 963	57 888	26.0
Total Four Regions	**191 435**	**108 037**	**299 472**	**56.4**
Metro Toronto	247 780	25 446	273 226	10.2
Total Metro Region	**439 215**	**133 483**	**572 698**	**30.4**

Source: Planning Departments of the Metropolitan Region
C.M.H.C., Ontario Regional Office

In 1976 Metro had 56 345 more single family units than the four regions combined, but by 1986 the regions surpassed Metro by over 26 000 units. **But as a region, Metro still provides the largest stock of single family housing compared to any of the four outer regions.**

Of the four Regions, York has seen the largest annual average production of single family units, followed by Peel and Durham. While Peel still had the largest population and the largest total number of units of all types, growth in housing production has shifted to York. This can be attributed to improvements

in transportation linkages to Metro (both road and the GO Transit Service) and the completion of the York-Durham Sewerage System which permitted servicing of a large supply of vacant land which has attracted both residential and employment growth.

Within Metropolitan Toronto, between 1976 and 1986, Scarborough had the highest annual average completion of single family housing (1 460) as well as the largest total number of units constructed. **In fact, the production of single family houses in Scarborough since 1983 has annually exceeded that of each previous year back to 1976. A total of 2 065 single family houses were completed in Scarborough in 1986 compared to a total of 580 for all the other Metro municipalities.** (See Table A2.)

From the foregoing it is apparent that the annual production of single family dwellings in Metro, being so tied to the supply of vacant residential land, is decreasing in significance in the regional market. **The bulk of single family dwellings, which is the housing type in greatest demand at present, will be provided in the surrounding four regions.**

3.3 Apartment Completions

As previously mentioned, apartment completions in Metro have declined drastically since 1976. The 1976-1980 average was almost twice that of the 1981-1986 average (8 797, compared to 4 677 - see Table A2). This was due to continued community opposition to redevelopment, fluctuating interest rates and the uncertainties in the industry created by rent control and generally more profitable alternative investment opportunities.

Not surprisingly, the City of Toronto is consistently the leading producer of apartment units. More land is available for redevelopment there, and in addition, Toronto is seen as a prime location for both condominiums and social housing units. **An increase in condominium redevelopment can be expected in the suburban municipalities in the future, but it will be some time before redevelopment activity approaches that of Toronto.**

Even more marked than the decline in total apartment unit completions was the reduction in private rental completions. Table 3 indicates apartment completions by sector in Metro since 1979. What is significant from this table is that the production of social housing apartments has outstripped private rental completions since 1981.

The majority of rental units coming on stream in 1986 and 1987 will continue to be social housing units. This reflects the lack of incentive programs to the private market during those years. It remains to be seen whether the Renterprise program introduced in early 1986 will have an impact on rental production. In view of the program's intent to maintain "moderate" rent ceilings, the program may not be attractive to developers within Metropolitan Toronto.

Table 3:

APARTMENT COMPLETIONS BY SECTOR, METROPOLITAN TORONTO

	Private Rental	Social Housing	Condominium	Total*
1979	4 505	1 815	2 397	8 717
1980	4 111	2 871	716	7 698
1981	46	1 375	2 638	4 059
1982	593	2 618	1 542	4 753
1983	1 721	3 223	1 671	6 615
1984	2 057	2 279	1 206	5 542
1985	1 260	1 235	549	3 044
1986	1 208	1 709	1 455	4 372
Totals	**15 501**	**17 125**	**12 174**	**44,800**

Source: C.M.H.C., Toronto Office

* Discrepancy in annual totals between this table and Table A1 is due to use of interest adjustment data as completion date for social housing units, as well as the inclusion of some ground related units in the totals.

Condominiums in Metro were originally viewed as an opportunity for home ownership for moderate income households and were located primarily in the suburbs. However, in the last ten years a number of shifts have occurred in the market as condominium units become an accepted ownership alternative for moderate and upper income segments of the population. Large luxury units appeared first in central locations but have gradually spread to well located suburban areas. As the luxury market became saturated, developers began targetting units to specific sub-markets; small units for the "singles" market were developed downtown, while units targetted to "empty nesters" have begun to appear on the periphery of established residential neighbourhoods. However, square foot costs of the smaller downtown units may sometimes be higher than the luxury suburban condominiums because of their location. There appears to be a growth in demand for condominium units for "empty nesters", particularly in close proximity to the purchasers' former homes. The Kipling-Islington area and the North York Centre have developed a range of luxury condominiums to serve this need. Given the personal time demands of home ownership, there may be an unsatisfied market for condominiums among two income families who want the convenience of location and amenities, but not the "labour" of home management. Table A3 shows that there was a great deal of activity in 1985 in the condominium market in Metropolitan Toronto. Almost 3 000 units received final approval, compared to 1 248 in 1984, a 58% increase.

There were a total of 71 000 condominium units in Metropolitan Toronto in 1985, with almost half being in the City of Toronto. At present they provide an important supplement to the rental stock, since 40% of condominium units in Metro are rented. This probably indicates that a fair amount of speculation is taking place in the condominium market on the expectation of continued price increases.

Social housing units represent about 16% of the rental stock in Metro. As of December, 1985 there were 64 761 social housing units in Metro. (See Table A4.) This included units in public housing, municipal non-profit, private non-profit and co-operative projects, as well as rent supplement units in private apartment buildings. **In this total are 52 474 units rented to low-income tenants on a rent-**

geared-to-income basis (R.G.I.). The remaining units are rented at "market" rents and intended to meet the needs of moderate income households.

Table 3 indicates the importance of the social housing programs in maintaining the supply of rental units. Since 1979 the number of social housing completions (which includes both R.G.I. and "market" units) has exceeded the number of private rental units produced.

Metropolitan policy and responsibility in relation to social housing will be addressed in a subsequent section.

3.4 Vacant Land in Metropolitan Toronto

In 1985 in Metro there were only 1 250 hectares gross (3 090 acres) of vacant residentially zoned land in parcels of two hectares or more available for residential development. Over 1 000 hectares were in Scarborough, 119 in Etobicoke and 73 in North York. This compares to 2 215 hectares available in 1977. (These exclude lands in north-east Scarborough designated as a special study area in the Metro Official Plan.) At a rough estimate this supply of land could last about ten years at recent rates of construction and could provide up to 26 000 additional residential units in Metro, including a mix of all unit types.

These figures indicate that new residential units in Metro will increasingly be provided through redevelopment and infill on small remnant parcels. Without an increase in higher density redevelopment, housing production within Metro will fall short of potential demand.

4.0 THE OWNERSHIP MARKET

4.1 Housing Affordability

4.1.1 Ownership Housing - Affordability

In the last two years, various factors in the economy contributed to an extremely active housing market. The inflation rate remained around 4.0% and the unemployment rate dropped to 7.2% in Ontario and 6.8% in Metropolitan Toronto. Interest rates for mortgages stabilized at below 11%. (See Graph 2.) All these factors contributed to the high cost and demand for both new and resale housing. This buoyancy in the market was evidence of the economy's recovery from the recession of 1982-83.

Much of the information in this section comes from the Toronto Real Estate Board (T.R.E.B.) which gathers statistics, primarily on resale properties, from areas comprising all of Metropolitan Toronto plus a portion of the four surrounding regions. (See Figure 1.) T.R.E.B. statistics in Table 4 show increased consumer confidence in the economy with an increase in sales of 43% from the 1984 total of 31 905 to 52 919 in 1986. The average price of a resale residential unit in the T.R.E.B. area in 1986 was $138 925. In Metro the average was higher at $140 712 on a total volume of $35 686 sales. Average prices in the central part of Metro between Dufferin and the Don Valley Parkway, Steeles Avenue and Lake Ontario were $191 135.

From 1984 to 1986 median prices for December of each year climbed from $88 248 to $142 500* in the T.R.E.B. market area. This includes condominium units (apartments and townhouses) as well as freehold housing. At the December 1986 median price level of $142 500 the annual household income required to carry a mortgage was estimated at $45 000 based on a 10% mortgage rate, a 25% down payment, and a 25-year amortization period with annual taxes just under $2 000. (See Table 4.) Coincidentally, average family income in Metropolitan

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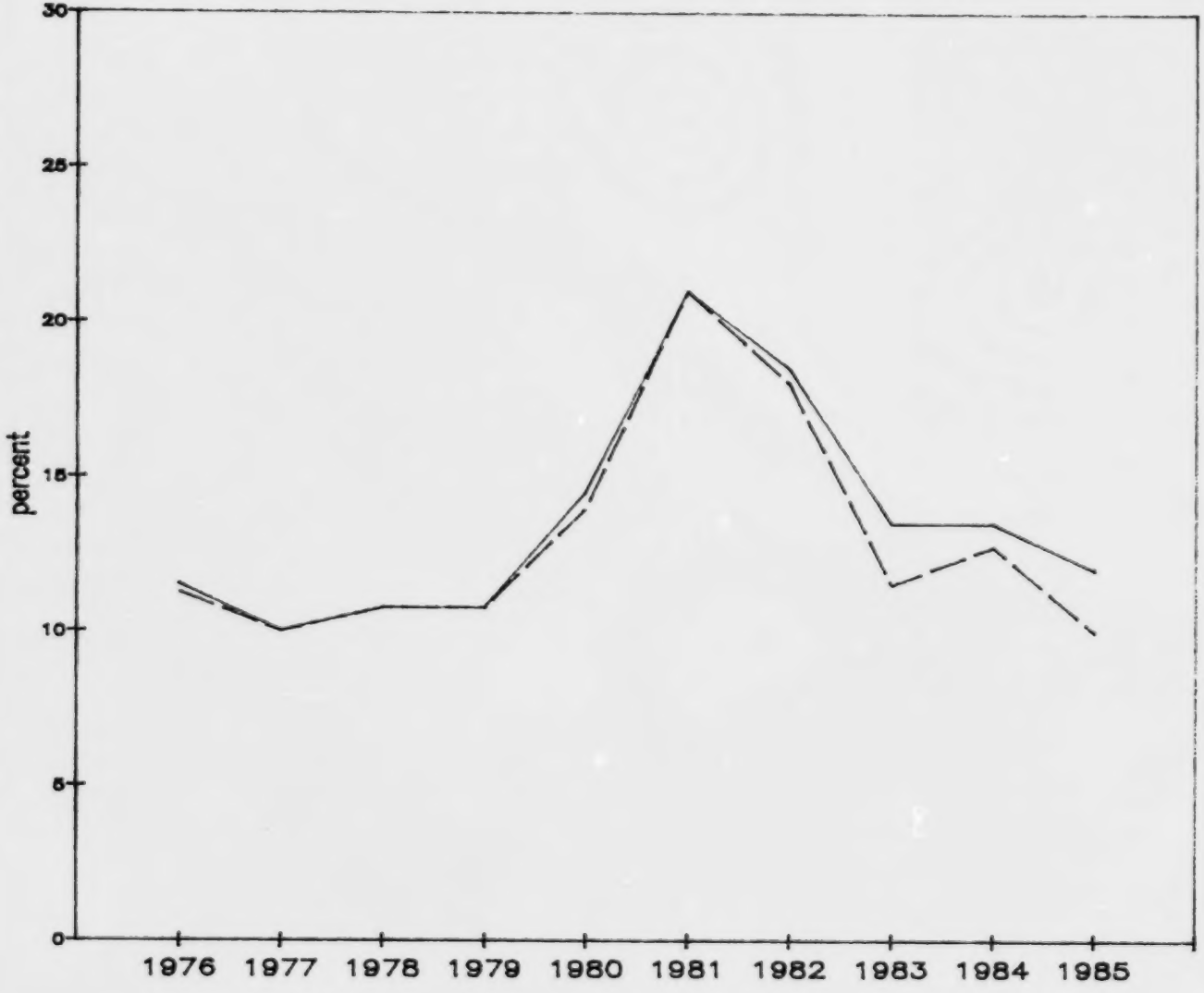
* T.R.E.B. News Release: January 1987

MORTGAGE INTEREST RATES
1976 – 1985



LEGEND

—— 5 YR. RATE

— — 1 YR. RATE

Source: Mortgage Insurance Company of Canada

FIGURE 2 :
TORONTO REAL ESTATE BOARD BOUNDARY - OCTOBER 1985

Table 4:

INCOME REQUIRED FOR MORTGAGES

House Purchase Price

	60 000*	80 000*	100 000*	110 000*	150 000*	180 000*
Taxes	**1 200**	**1 400**	**1 600**	**1 800**	**2 000**	**2 500**
Interest Rate %						
9	19 060	25 220	31 370	34 550	46 660	56 154
10	20 530	27 180	33 820	37 240	50 330	60 496
11	22 090	29 250	36 410	40 090	54 220	64 900
12	23 490	31 120	38 750	42 670	57 730	69 374
13	25 020	33 170	41 310	45 480	61 560	73 974
15	28 140	37 310	46 490	51 180	69 340	83 241
17	31 290	41 520	51 750	56 960	77 220	92 766
19	34 490	45 780	57 080	62 820	85 210	102 357
21	37 700	50 070	62 440	68 720	93 260	112 012

Gross family income required to purchase a house using 25% of gross income for mortgage (25-year term) assuming 25% down payment, and taxes of $1 200, $1 400, $1 600, $1 800, $2 000 and $2 500 for the six price ranges respectively.

* 25% down payment assumes $45 000, $60 000, $75 000, $82 500, $112 500 and $135 000 mortgages.

Source: Metropolitan Toronto Planning Department, February, 1986.

Toronto in 1986 was estimated to be $46 000.** For many of those below the average, the downpayment of $35 600 was out of reach.

Since 1976 average prices in the T.R.E.B. Market Area have risen by 126% from $61 389 to $138 925 in 1986. (See Table 5.) As these prices include single detached houses, semis, condominiums and townhouses, they do not reflect the extremely high prices of single detached homes sold in Metropolitan Toronto. Here single detached home sales averaged $196 430 in December, 1986. (Single detached house prices in the central T.R.E.B. area of Metro averaged $281 347 in the same period.)

Table 5:

AVERAGE RESIDENTIAL PRICES AND SALES VOLUMES T.R.E.B. MARKET AREA*

	Average Prices	% Increase	Sales Volumes
1976	$ 61 389	5.2	19 025
1977	64 559	4.3	20 512
1978	67 333	4.3	21 184
1979	70 830	5.2	23 466
1980	75 694	6.9	26 017
1981	90 203	19.2	29 625
1982	95 486	5.9	25 336
1983	101 626	6.4	30 046
1984	102 318	0.68	31 905
1985	109 094	6.6	45 509
1986	138 925	27.3	52 919

Annual Compound Rate of Increase: 8.5%

* Source: T.R.E.B. News Release, February, 1987

** Statistics Canada 1987

In 1978 Canada Mortgage and Housing Corporation introduced an "affordability" index for ownership housing. The index consists of the ratio of average income to average housing costs (carrying costs) for the Metropolitan Region. Given that house prices in Metro are higher than for the region as a whole, houses in Metro will be proportionally less affordable. March 1, 1978 represents the base month (affordability index equals 100). The higher the index, the more affordable the housing. The following table indicates the affordability index for May of each year from 1978 to 1986:

Table 6:

HOME OWNERSHIP AFFORDABILITY INDEX FOR THE METROPOLITAN REGION

May 1978 - May 1986

Year	Index	Year	Index
1978	98.4	1982	54.5
1979	93.2	1983	78.6
1980	71.3	1984	86.2
1981	62.2	1985	89.7
		1986	86.5

Between 1978 and 1985 average house prices in the area covered by the Toronto Real Estate Board increased annually by an average of 8.4%. Except for a major increase in 1981 (19.2%) and a very moderate rise in 1984 (0.68%), the annual increases were in the 4.0% - 6.0% range. House prices alone are not the only determinant of affordability. As indicated on Table 7, the income required to purchase a $100 000 house decreases by half as interest rates move from 21% to 9%. Hence, affordability was higher in the last three years than during the period of high interest rates (1980-1982). Even with the estimated increase of 27% in house prices during 1986, affordability did not decline markedly from that of the previous year. **However, a factor not adequately taken into account is the increased difficulty experienced by a first time homeowner in saving the large downpayment required to purchase a house at today's prices.**

Graph 3 compares the rate of change in house prices with the C.P.I. (Consumer Price Index), the industrial composite average wages), and median family income using 1976 as the base year.

The most apparent pattern is the parallel growth in the percentage increase of all four factors in the graph. The effects of the 1981-83 "depression" are clearly shown by the flattening lines.

In late 1984, average house prices start to climb at a faster rate than median family income - a sign of decreasing affordability for prospective first time buyers homeowners.

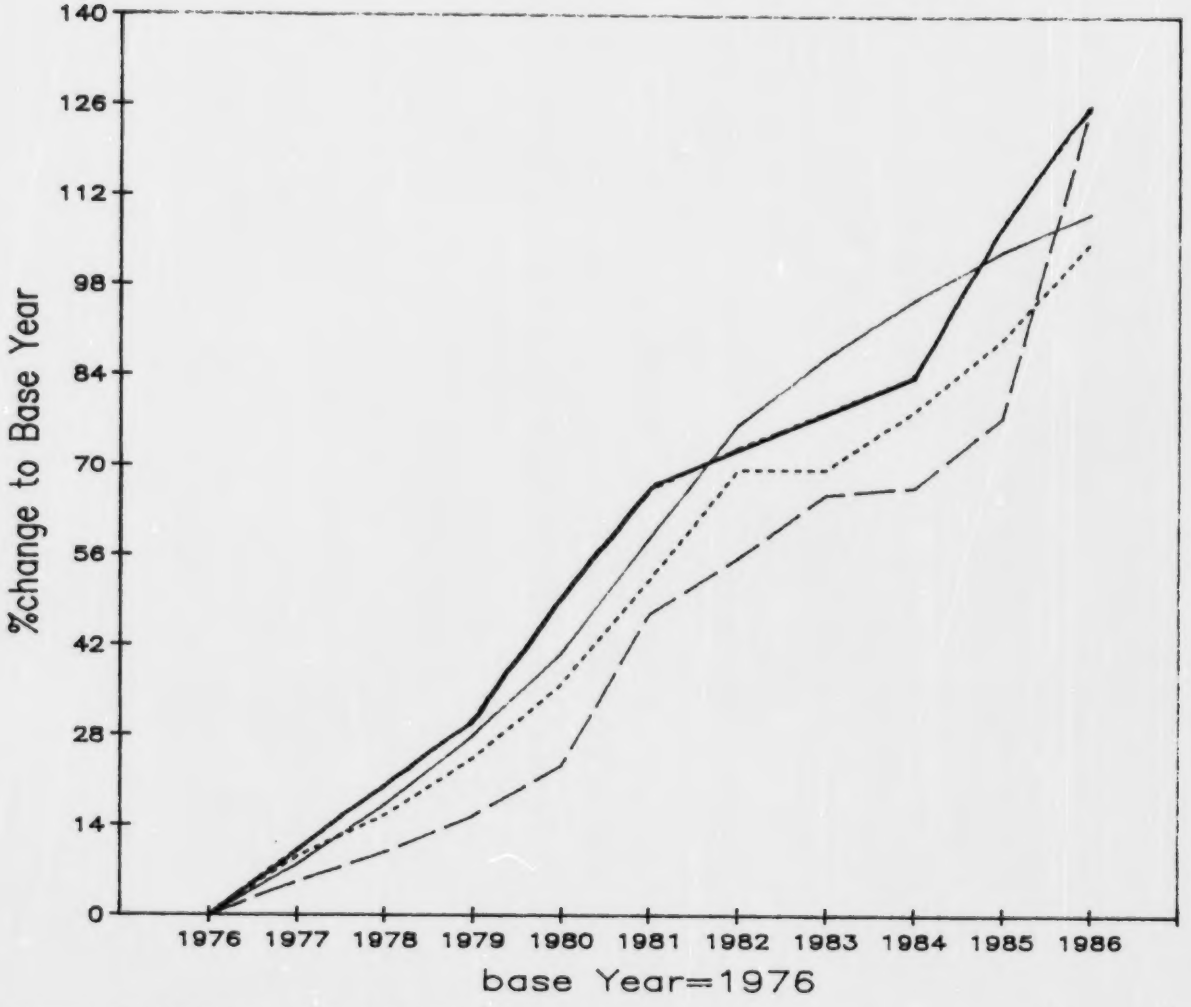
4.2 Ownership Housing Programs

Over the years the Federal and Provincial Governments have instituted a series of programs designed to encourage the development of more ownership housing to create jobs, and increase the affordability of home ownership. These programs have provided incentives to builders, investors, and prospective homeowners in the form of low interest or interest-free loans, grants and tax relief.

Programs available since 1976 include the following:

(a) The A.H.O.P. program (introduced in 1973), was aimed at increasing opportunities for moderate and middle income families to purchase homes by lowering monthly mortgage payments. In the Metro Region, the program resulted primarily in the production of large numbers of row houses and apartments, the majority in Peel Region. After an initial five year grace period, mortgages were to return to their market levels. This coincided with a rapid increase in mortgage rates. As a result C.M.H.C. had a large number of foreclosures and in 1975 many owners "walked away" from their houses when carrying costs became too high. The program was terminated in 1978.

CHANGES IN THE COST OF HOUSING AND OTHER GOODS RELATIVE TO INCOME TORONTO C.M.A. 1976–1986



LEGEND

——— CPI (ALL ITEMS)

— — AVG. HOUSE PRICE

------- INDUSTR. COMPOSITE

——— MEDIAN FAM.INCOME

Source: Statistics Canada, T.R.E.B, & estimates

(b) From 1981 to 1983 the Federal Government, as part of its anti-recession measures, introduced a program which provided $5 000 towards the purchase of a new house. At the same time, the Province instituted a grant program of $3 000 to first time home buyers of new or resale homes. First time buyers of new houses would be able to claim the entire $8 000 from both levels of government. The popularity of this program resulted in a take up of 7 750 units in the Toronto Region despite the high interest rates prevailing at the time.

(c) From the early 70's to 1984 there was also a savings plan for ownership housing known as the Registered Home Ownership Savings Plan (R.H.O.S.P.). This permitted non-homeowners to save up to $10 000 free of income tax towards the purchase of a home. When the plan was discontinued, taxpayers were permitted to "top-up" their plans to $10 000 (i.e., to deduct a maximum $10 000 from taxable income when purchasing a home) before being required to deregister the plan. This program was successful in assisting many potential home buyers to save funds toward the downpayment on a new house. (The number of times this program was used in Metro is not available.)

Since 1985 there have been no direct incentive programs for home buyers. The programs were aimed to alleviate specific situations at certain times and have not been continued.

4.3 Conclusion

Despite a rapid escalation in house prices in Metro, sales are generally high. As long as interest rates remain moderate, the costs of home ownership apparently are not discouraging buyers. However, the high downpayments required for first time homebuyers makes home ownership beyond the means of moderate income households. In view of the continuing shortfall in the rental market, there would appear to be a greater rationale for providing assistance there than in intervening in the ownership market. That would have the potential to intensify demand in an already "over-heated" market.

5.0 THE RENTAL MARKET

5.1 Rental Supply

As already discussed, private rental unit completions have been declining steadily since 1981. However, the rental stock includes units in buildings other than the traditional apartment building.

In 1986 in Metro there were approximately 305 300 rental units in buildings containing six or more units. Of these 20 490 were rented condominium units. Other types of units in the rental market included 85 357 units in single detached, attached, row condominiums, and various "plexes". Although these condominium and small scale units do not appear in rental vacancy and rent statistics, **they form a significant 27% of the private rental accommodation in Metro in 1986.**

The large number of single family units which are rented suggests that units are being held for investment or speculative purposes, encouraged by the recent capital gains exemptions. The latter inadvertantly may have helped to fuel the rise in house prices in the Metro area. A change in Federal policy could result in large numbers of units being placed on the market, resulting in further pressure on the traditional rental stock.

5.2 Vacancy Rates

As a result of the continuing overall demand, the Census Metropolitan Area vacancy rates in apartment rental units dropped from 1.0 in October, 1976 to 0.1 in 1986. (See Table 7 below.) This occurred despite the availability, during most of the intervening years, of production incentives to the private market. The high demand has led to a "black market" in apartment units involving the payment of "key money" by prospective tenants - a practice that has been recently "outlawed" by Provincial legislation but will be extremely difficult to police and eradicate.

Table 7:

VACANCY RATES IN THE TORONTO C.M.A.*, 1976-1985

Year	Rate	Year	Rate
1976	1.0	1981	0.3
1977	0.9	1982	0.6
1978	0.7	1983	0.8
1979	1.0	1984	0.6
1980	0.6	1985	0.4
		1986	0.1

* Source: C.M.H.C. Rental Apartment (October) Vacancy Surveys

On a similar note vacancy rates in Metropolitan Toronto dropped by 50% from 0.4 in 1984 to 0.1 in 1986. (See Table A5.) The most significant decreases appear to be in Toronto, York and North York. A breakdown of recent vacancy rates by age of apartment stock is shown below in Table 8.

Table 8:

VACANCY RATES BY TIME ON MARKET, TORONTO C.M.A., 1984, 1985 and 1986*

Time on Market	1984	1985	1986
19 months or longer	0.5%	0.3%	0.1%
7-18 months	7.5%	4.6%	0.5%
less than 6 months	26.2%	26.1%	9.0%

* Source: C.M.H.C. Rental Apartment Vacancy Survey, October 1984/86

The higher vacancy rates for recently constructed units and the slow rate of absorption indicates natural market resistance to the higher rental rates. However, it is noteworthy that the rate of absorption of new units has increased

markedly over the last two years. This reflects the continued decline in production of new units as well as increased pressure on the supply of the more moderately priced stock. Since the rents of new units must relate to a reasonable return on investment, builders must set their rents higher than rents in buildings which have been under rent control for a longer period.

Outside Metro Toronto, most municipalities had higher vacancy rates than those within Metro. The highest rates in 1986 were registered in Brampton at 0.4%, and to a lesser degree in Markham, due to a high concentration of completions in the upper rent ranges during the past two years together with a high tenant turnover. However, these rates are still well below the 3.0% indicative of a healthy market situation.

5.3 Cost of Rental Accommodation

As can be seen from Table 9 below, a significant price spread exists between controlled and uncontrolled apartment units with the largest being between one-bedroom units (i.e., 30%).

Table 9:

RENTAL RANGES - CONTROLLED/NON-CONTROLLED
TORONTO C.M.A., (OCTOBER, 1985)*

	Non-Controlled		Controlled		
	Average Rent	12 mo. % Change	Average Rent	12 mo. % Change	Difference in % C and N/C
Bachelor	$445	14.7	$334	7.7	23
1-Bedroom	591	9.7	415	7.0	30
2-Bedroom	675	9.0	481	7.7	29
3-Bedroom	745	12.2	561	8.2	25
Weighted Average	**$645**	**10.1%**	**$448**	**7.4%**	**30.5%**

* Source: C.M.H.C. Rental Apartment and Vacancy Survey, October 1985

Rental ranges for units not subject to rent review averaged $645 per month (based on a weighted average of bachelor, one-, two-and three-bedroom units). Apartments under rent review average $448 or a difference of 30.5%. In 1985 over 30 000 units went before the Rent Review Commission. An average increase of 9.88% was granted to Metro Toronto landlords. The biggest increases granted were in Scarborough which averaged 11.5% and the smallest were Toronto with an average of 8.5%.

In 1986 legislation brought all units under rent control. However, it will be some time before the ceiling on rent increases has the effect of reducing the differential between rental units constructed before and after 1976.

Despite the imposition of rent controls, rental occupancy has become less affordable over the last ten years. In 1978 C.M.H.C. developed an affordability index for rental housing similar to that created for the ownership market. The following table indicates the rise in apartment costs relative to income for May of each year from 1978 to 1986:

Table 10:

AFFORDABILITY INDEX FOR RENTAL APARTMENTS TORONTO REGION, 1978-1986

Year	Index	Year	Index
1978	100.7	1982	121.2
1979	104.4	1983	120.8
1980	109.4	1984	121.3
1981	116.8	1985	121.8
		1986	120.3

It is difficult to gauge the extent to which the non rent-controlled stock affects the index. Insofar as allowable rent increases were generally at or below the rate of inflation, it is possible that an index applied only to that stock would not indicate such a substantial increase. However, irrespective of the affordability

index it is evident from the low vacancy rate that a person of low to moderate income seeking to move to another apartment would have extreme difficulty finding affordable accommodation.

5.4 Private Rental Housing Programs

Over the past decade the Federal and Provincial Governments have initiated various programs designed to offer financial incentives for the provision of more private rental units. All of the programs have been relatively short lived, and have included a variety of incentive mechanisms (tax relief measures, interest free loans, per unit grants), reflecting the complexity of the problems facing the private market.

The following is a description of the major programs in effect since 1976:

A.R.P. - The Assisted Rental Program

In order to spur the economy and to encourage more rental housing produced by the private sector, the A.R.P. was introduced by the Federal Government in the early seventies to close the gap between economic and market rents by providing up to $100 per unit per month to builders in the form of grants. This assistance was to be decreased over a ten year period. Although the program appeared initially to be successful, many tenants were unable to pay the steadily increasing rents which resulted in bankruptcy for a number of developers. Approximately 8 380 units were financed in Metro under the program. It was cancelled in 1980.

M.U.R.B. - Multiple Unit Residential Building Capital Cost Allowance

This program was introduced by the Federal Government in 1974, discontinued in early 1980 and reintroduced later in October 1980 until the end of 1981. It provided a tax incentive to encourage investment in Multiple Unit (Apartment) buildings by allowing buyers tax write-offs of various soft costs (depreciation, legal fees, mortgage fees, promotion) against other income after the units were rented. Many of these units were sold as "luxury" condominiums to individual investors for rental purposes. As a result, the units were rented in the high price

range but were available for resale as condominiums if the advantages of the tax concessions declined. **The targetted benefit group, i.e., the average income tenant, did not benefit.**

O.R.C.L. - Ontario Rental Construction Loan Program

Introduced in early 1981, this program provided interest free loans to builders ranging from $1 200 per unit (at interest rates of 15% or lower) and up to $6 000 per unit (at interest rates of 18.5% or more). Repayment was to begin in the 16th year and the loans were to be repaid after 25 years. The condition was that owners would offer 15-20% of units for the rent supplement program of the local housing authority. This program had little effect on apartment construction in Metro due to the high unit production costs, but some success was experienced in the four regional municipalities. The program lasted only one year.

C.R.S.P. - Canada Rental Supply Plan

Based on the Ontario Rental Construction Loan Program, this program was initiated in May, 1982 to encourage rental construction in areas with low vacancy rates by providing 15 year interest free loans of up to $16 000 per unit. **Developers were required to offer 33% of units to the rent supplement program and retain all units in the rental market for five years.**

In Metro about 2 547 units were completed by the end of 1985 but none were accepted for the rent supplement program because rents were too high. Applications for condominium approval have been submitted for 72% of the units, generally as part of the development approval process. This would allow developers to sell units as condominiums five years after completion.

To remedy the defects of C.R.S.P., a new program was introduced in 1984 called the Canada/Ontario Rental Supply Plan (C.O.R.S.P.). **Rent ceilings were set at about $600 (for a one-bedroom apartment)** in the Metro area and were backed up by long term interest free loans with a third of the units to be made available for rent supplement. **In Metro about 1 140 units were completed by 1986.**

Renterprise

This is a program similar to O.R.C.L. and C.R.S.P., initiated by the Provincial Government, which is designed to stimulate the construction of up to 5,000 family units at moderate rents. The incentive is a 15 year interest free bridge loan to cover the difference between economic and market rents. In return, developer's are required to offer up to 40% of their units for rent supplement. Proposals will be called in January, 1986. There have been about 200 applications and building will begin in late 1986 or early 1987.

5.4.1 Program Effectiveness

A significant proportion of the private rental units constructed in Metropolitan Toronto during the past ten years took place with the assistance of these programs. To that extent they did achieve a degree of success. However, the take-up rate in Metro was considerably below expectations, primarily because high land costs made units unable to compete with the existing rent controlled stock. The programs were conspicuously unsuccessful in providing moderately priced rental units. A number of factors together were responsible for the problems experienced by these programs.

- Rising interest rates in the mid-70's had already resulted in a decline in rental production, resulting in unmet demand.

- The introduction of rent control added to the uncertainty in the housing market.

- As a result of rent controls new units were increasingly unable to compete in the market with the lower priced older units.

- The slow absorption of new units into the market was a major disincentive to investment in new construction.

- The rapid rise in interest rates (1980 to 1982) provided an additional disincentive to investment in the rental market.

. The M.U.R.B. program was exploited as a tax incentive, and resulted in individually owned, high priced condominiums which could not meet the needs of moderate income tenants.

. Little control was exercised over unit cost so that most new units were targetted for the luxury market, and were not accepted into the Rent Supplement Program.

The present C.O.R.S.P. program and Renterprise are intended to direct more units to moderate income households. However, rather than continuing to rely on the major development companies, the Ontario Government is attempting to encourage the renovation of buildings and the creation of new units in existing residential and non-residential buildings.

5.4.2 Recent Initiatives

The following programs are designed to make more moderately priced units available within existing buildings. Relatively few new units have been completed under these programs due to the lack of supportive zoning in municipal by-laws.

(a) Add-a-Unit

Under this program, interest free loans are made available to owners of single family homes for the creation of additonal units in their houses where permitted by zoning. It has not proved popular because of the complexities of administration and the zoning restrictions in most Ontario municipalities.

(b) Convert-to-Rent

The Convert-to-Rent program provides 15-year interest free loans to encourage conversion of non-residential buildings to residential use. To ensure moderate rents, 25% of the units had to be offered to the rent supplement program. By the end of December 1985 over 200 applications had been received in Metro of which 105 projects containing 283 units had received funding, 85% of these were in the City of Toronto. An additional

502 new units were started in Harbourfront in 1986. The target of 2 600 units in the Province has not yet been met. So far, this program has not had a large take up in Metro because of the high cost of conversion as well as the relative lack of experience in the construction industry with the re-use of buildings and the difficulties involved in processing building applications by the municipalities. Add-a-Unit and Convert-to-Rent have now been combined as one program.

(c) Conserve-a-Unit

This is a program of interest free loans to permit rehabilitation of older multiple unit buildings of less than 25 units. This program has not proven widely successful in Metro because of the costs and returns involved.

(d) In 1986, the following two programs came into effect to provide more housing for low income tenants:

The Federal government introduced mortgages indexed to inflation in order to lower Federal subsidies for co-operative housing units. This initially involved 7 000 units for about 20 000 people. (Number of units in Metro is not available.) More attention will be focused on households below median income levels to encourage a greater mix of tenants in the co-op/non-profit programs.

The Provincial government introduced the "Assured Housing for Ontario Program" which included:

- the construction of 5 000 affordable housing units annually through Renterprise with $75 million in interest free loans;
- the conversion of 6 000 non-residential units into apartments under the "Convert-to-Rent" program;
- the Rent Supplement Program will be available for 40% of the Renterprise Units and 25% of the Convert-to-Rent Units;
- the renovation of older rental units (17 000 units by 1990) through forgiveable loans of up $5 000 per unit;

. encouraging the revision of municiple building standards to permit smaller, less expensive housing.

(The figures noted are for all of Ontario; specific figures for Metro alone are not available.)

The effectiveness of these programs is heavily dependent on the co-operation of municipalities in revising zoning provisions to accommodate the conversion and retrofitting of existing buildings.

5.5 Rent Review

As has been indicated, rental production has declined considerably over the last 10 years owing to a variety of financial and social factors. The major factor behind the low level of private rental construction was (and is) the high cost of producing rental units and the resulting gap between rental rates required for new apartments, and surrounding market rates. The industry was unable to produce rental units at current market levels, and the various incentive programs such as C.R.S.P. and O.R.C.L. only provided a limited number of additional units, i.e., they provided a short term partial solution to a long term problem. **What actually occurred in the private market was a diversion of capital investment from rental construction to the condominium and single family housing market.** Some private developers such as Cadillac Fairview left the housing sector completely to concentrate on commercial real estate.

In Metro Toronto, apartment construction levels had already started to decline in the early 1970's as interest rates began to edge up slightly before the introduction of rent review. Because of low vacancy rates at that time, high rent increases were demanded by landlords to take advantage of the tight market. In response, the Provincial Government passed the Residential Premises Rent Review Act in December, 1975.

Initially the rent controlled market was limited to pre-1975 buildings and units renting below $750. This allowed newer buildings to charge what the market could bear, but these "free" market rates were indirectly controlled by the

competition from lower rents in the controlled market. In conjunction with high interest rates, the profitability of new rental housing declined and the volume of construction dropped. In order to compensate, the Federal and Provincial Governments introduced various assistance programs to promote rental production.

Notwithstanding, rent controls have helped to perpetuate a low rental production situation by preventing builders from continuing their usual pattern of offsetting low (or negative) returns on new buildings in anticipation of increased returns over a longer period.

In conjunction with these supply limitations on the market, demand for rental units has grown owing to:

- a rapid increase in the number of households and the reduction in household size in Metro;
- the reduced accesibility to the ownership market because of rising house prices;
- the slow turnover of rental units due to the above factors and the security of tenure afforded by rent control, even by those who could afford to buy.

In December, 1986 the Provincial Government adopted legislation which extended rent review to all rental units including those renting for more than $750 monthly. A landlord/tenant rent review housing board was established to protect the security of tenants and the rights of landlords to a reasonable return. This was intended to provide an economic incentive for the maintenance and development of accommodation at reasonable cost. The legislation provided:

- annual rent increases to be based on inflation and the landlords' operating and maintenance costs plus an additional 2% possible for buildings constructed prior to 1975 which had "chronically depressed" rents; (For 1987 the rent increase guideline will be 5.2%.)
- establishment of a rent registry to provide tenants with information on previous rent levels;

- introduction of penalties for landlords charging rents higher than allowed by rent review; and,
- creation of a maintenance board to ensure good building standards.

5.6 Social Housing

5.6.1 Metropolitan Policy

With the continued decline in the provision of private rental housing, social housing (primarily the co-operative and non-profit programs) has assumed increasing importance in meeting rental demand in Metropolitan Toronto. This municipality has been involved in the provision of social housing almost since its inception, and policies in the Official Plan reflect this interest.

Council's policy on assisted low income housing which is set out in Section 7.D of the Official Plan, which states:

1. Within the **Planning Area, Council** may provide housing for **low-income households.**

2. **Council,** in consultation with the **Area Municipalities,** shall establish and adopt, on an annual basis, a five-year production target for **low-income assisted housing for Metropolitan Toronto.**

   The target should reflect the capabilities of the **Corporation** and other agencies to provide assisted housing, having regard for projected need, the availability of suitable sites and financing.

   Council, in consultation with the **Area Municipalities,** shall allocate an assisted housing production target to each **Area Municipality** on the basis of the principle of **fair-share.** The **fair-share** principle means that each **Area Municipality** should eventually have the same ratio of low-income assisted households to its total households.

3. The **Corporation** may acquire, hold, develop and dispose of land for **housing projects;** acquisition may include existing buildings as well as sites for new development.

4. **Council,** through its Departments and agencies, shall acquire, construct, operate and manage **low-income assisted housing projects.**

5. **Council** recognizes that any **Area Municipality** may choose to take a more direct role in the provision of **low-income assisted housing** through a non-profit housing company. **Council** will support these initiatives.

5.6.2 The Metropolitan Role

Metropolitan Toronto has two roles with respect to social housing. Firstly, Council is responsible for establishing five-year production targets for low-income assisted housing. Secondly, through the Metropolitan Toronto Housing Company, it acts as a provider of housing for low and moderate income households.

As of December 1985, there were 64 761 social housing units in Metro. This included units in public housing, municipal non-profit, private non-profit and co-operative projects, as well as rent supplement units in private apartment buildings. In this total are 52 464 units rented to low-income tenants on a rent-geared-to-income basis (R.G.I.). (See Table A6.) The remaining units are rented at "market" rents and intended to meet the needs of moderate income households.

The biggest supplier of social housing in Metropolitan Toronto (and of rent-geared-to-income units) is the Metropolitan Toronto Housing Authority (an agency of the Province's Ontario Housing Company) which administers 29 000 public housing units. Most of the M.T.H.A.'s housing stock was built under the public housing program which provided housing for low-income seniors and families in 100% R.G.I. projects. The majority of units in the M.T.H.A. portfolio are for families, as many of the O.H.C. seniors' projects were turned over to the Metropolitan Toronto Housing Company. Construction of public housing ceased in Metro in the early 1970's, due to community opposition combined with concern by elected officials and housing providers over the stigmatizing effect of public housing on tenants. Today, construction of 100% rent-geared-to-income projects is limited to seniors' projects constructed by the Metropolitan Toronto Housing Company. These are generally more acceptable to local communities. The Housing Company has over 15 000 senior units in its portfolio, all of which are rented on a geared-to-income basis.

When construction of large scale public housing came into disfavour, federal and provincial policy shifted to the provision of mixed-income projects under a variety of programs, including the private non-profit, the municipal non-profit, and the co-operative and the rent supplement programs. Under the mixed-income approach, the proportion of R.G.I. units was generally set at 25% in family projects and 50% in senior projects.

Within Metro, there are two municipal non-profit corporations: Cityhome, operated by the City of Toronto, and the Metropolitan Toronto Housing Company Limited (M.T.H.C.L.) which builds family projects outside of the City of Toronto. The M.T.H.C.L. has a stock of close to 2 000 units built under the municipal non-profit program, approximately 500 of which are on a rent-geared-to-income basis. Cityhome has approximately 5 000 units with 1 700 on a rent-geared-to-income basis. In addition, there are 5 300 units (1 400 R.G.I. units) in co-operative housing projects, and 5 800 (1 900 R.G.I. units) in private non-profit buildings. There are also close to 1 000 R.G.I. units in private apartment buildings under the rent supplement program.

While the financing for these programs has varied, they generally include a write down of interest costs to permit units to be rented at the low end of the market, with additional subsidies for the provision of units on a rent-geared-to-income basis. While subsidies for public housing were split between the Federal and Provincial governments, under the mixed income programs the Province usually contributed a smaller portion.

The three mixed income programs are targetted to both moderate and low income households and appear to have a high degree of community acceptance. During the decline in private rental construction, the mixed income projects have provided a significant percentage of new rental units. As a means of generating low-income housing, however, these programs are less efficient than public housing because of the 50%-75% ratio of "market" units.

In 1983, the Metropolitan Toronto Planning Department undertook a review of existing social housing programs and research to determine the outstanding need

for low-income housing units in Metro. In order to meet the identified need, the resulting "Metropolitan Assisted Housing Study" recommended that subsidies be better targetted to low and moderate income households. This would be achieved through the establishment of an income ceiling set at the median household income. To encourage income integration within such projects and avoid the concentration of very low income households found in public housing projects, tenants were to be selected so there would be a continuum of incomes, including those needing deep to shallow subsidies, and those paying market rents.

Both the Provincial and Federal governments have restructured their non-profit programs to improve targetting of subsidies. Under the new Federal/Provincial agreement, the programs are directed to those in "core" need, i.e. households needing to spend more than 30% of their income on housing. Under the new Provincial guidelines, 40% of tenants in non-profit housing projects should need deep subsidies, with the remaining tenants requiring little or no subsidy. This would enable an income mix similar to that recommended by Metro Council. In co-operative projects, built under the non-profit program, at least 25% of the units must be geared to tenants needing deep subsidies, and at least 15% to tenants requiring shallower subsidies.

5.6.3 Fair Share Distribution and Targetting

A Fair Share Policy was adopted by Council in 1978 to ensure that each municipality would accept its share of low-income units. The fair share principle requires that the proportion of assisted low-income units in each municipality be equal to each municipality's share of total households. Following the adoption of the recommendations of the Metro Assisted Housing Study, the fair share policy was refined slightly so that each municipality would have the same share of senior and non-senior R.G.I. units as it had of senior and non-senior households. This was to encourage municipalities to build family assisted housing as well as seniors' housing.

After estimating the outstanding need for additional housing units, the Assisted Housing Study recommended the targets shown below for the production and/or

acquisition of rent-geared-to-income units for the five-year period 1983-1988. (See Table 11 below.) The targets would result in an annual increase of 2 000 rent-geared-to-income units per year composed of 600 senior and 1 400 non-senior units. The identified need for assisted housing would not be achieved for 15 years. The targets reflected the need to provide low-income assisted housing in the proportion of 70% family and 30% senior because of the large need identified for family R.G.I. units.

Table 11:

FAIR SHARE DISTRIBUTION OF TARGETS
1983-1988

	Senior		Non-Senior	
Municipality	**5-Year**	**Annual Average**	**5-Year**	**Annual Average**
Toronto	685	137	2 070	413
East York	580	116	620	124
York	25	5	635	127
Etobicoke	945	189	1 180	236
North York	1 080	216	1 320	264
Scarborough	-*	-*	1 175	235
Metro	3 000	600	7 000	1 400

* Quota exceeded in Scarborough

Source: Assisted Housing Study, M.T.P.D., 1983

The target of 2 000 units was based on the assumption that the units allocated to social housing would increase, and the proportion of R.G.I. units in family non-profit and co-operatives would be higher than in the past (within the income integrated proposal discussed above). **However, as is shown in Table A7, social housing committments in Metro have declined from over 3 000 units in 1980 to approximately 1 700 units in 1985.**

In 1984, 2 279 units were developed in Metro, approximately 700 of which were rent-geared-to-income; in 1985, however, there were 1 235 units built with roughly 470 of the units designated as assisted units. **In total, about 1 200 rent-geared-to-income units have been developed in 1984 and 1985 compared to the 4 000 units targetted by the Assisted Housing Study.** At the rate of approximately 600 units per year, in five years (the end of the five-year targets), only 3 000 R.G.I. units will have been built, i.e. one-third of the projected 10 000 units. With the potential to achieve a higher proportion of R.G.I. units through a mix of deep and shallow subsidies under the non-profit program, it may be possible to increase the number of R.G.I. units in the future.

In 1986, the waiting lists for assisted housing showed a decline. (See Table A8.) This may be partially due to elimination of duplication among various agencies. **The number of households on waiting lists in January of 1986 was 9 733 (compared to 13 251 in 1984). However, these waiting lists are still high and reflect the shortage of affordable housing within Metro.**

5.6.4 Distribution of Social Housing

In the distribution of assisted housing in Metro, the City of Toronto contains about 33.2% as the largest municipal supplier of units, and 31.2% of the 820 959 households in Metro. The concentration of units in the city stems from its long involvement in providing low income housing in addition to its present involvement through Cityhome and the co-op and non-profit programs. A comparison of the 1985 rent-geared-to-income units in each area municipality is shown on the following page in Table 12.

Scarborough ranks second to Toronto with 25.4% of all assisted housing units, but third with 19.4% of all Metro households. Here the availability of low cost undeveloped land has been a major factor. Distribution within Scarborough has been facilitated by a municipal fair-share policy which limits assisted housing for each of the neighbourhoods to an equivalent of 8% of the community's total population.

Table 12:

PROPORTION OF SOCIAL HOUSING TO TOTAL METRO HOUSEHOLDS

	Percent of Total Assisted Housing In Metro	Percent of Total Metro Households
Toronto	33.2	31.2
Scarborough	25.4	19.4
North York	23.9	24.1
Etobicoke	9.8	13.5
York	6.4	6.5
East York	1.3	5.3
Metro Total	**100.0%**	**100.0%**

With 24.1% of Metro households, North York has approximately 23.9% of assisted housing units. This stems not only from the availability of land, but from the construction of large volumes of O.H.C. housing during the sixties. Together North York, Scarborough and Toronto have over 80% of all R.G.I. units in Metro. Both East York and Etobicoke have a smaller share of R.G.I. units than their share of total households. East York has relatively few units (694) owing to the lack of developable land. York with 3 355 units, is also constrained for space, but Etobicoke with only 5 144 units, is potentially capable of siting many more. However, this municipality has been relatively resistant to more social housing, especially in Planning District Nine (Thistletown) which already has a high proportion of institutional and assisted housing.

Continued opposition to the location of assisted family housing as well as a shortage of funding, suggests that the targets adopted for Metropolitan Toronto will not be met. The increase in the proportion of R.G.I. units within co-op/non-profit projects will be helpful in meeting the need. However, public opposition remains a stumbling block.

Only with municipal co-operation will it be possible to meet the targets adopted by Council in the Assisted Housing Study. It is proposed that Metro and the area municipalities co-operate in identifying suitable sites for social housing in order that fair share targets can be achieved.

5.6.5 Singles Housing

The past few years have seen a dramatic increase in homelessness in Metropolitan Toronto as well as other major urban centres in Canada. Singles have been especially vulnerable to this situation because of: increasing rates of unemployment among youth and unskilled workers, the conversion of rooming houses to single family dwellings in the downtown area, tight rental market conditions, and the deinstitutionalization of mental patients. Although low-income seniors and families also have difficulty finding affordable housing in today's rental market, **the situation for singles is exacerbated because this group is ineligible for assisted housing (unless disabled).** In addition, roomers do not have the protection of the Residential Rent Regulation Act and are subject to arbitrary eviction. **Metro operates a number of hostels to provide emergency housing for homeless singles and families, but they are being used increasingly by low-income singles as permanent accommodation.**

In 1984, Metro Council formed a Task Force on Housing for Low Income Single People to identify solutions to the housing problems of this group. In 1985, the Task Force recommended the formation of the Metro Toronto Singles Housing Corporation (M.T.S.H.C.). The M.T.S.H.C. was to act as a coordinator between various levels of government, private sector developers, and non-profit organizations involved in the development of affordable rental housing for single people under 65 years of age. In the spring of 1986, Council approved the inclusion of $1 400 000 annually in the 1986-1990 capital budget as its municipal financial contribution (preferably in the form of land equity) towards housing projects for low-income singles.

Although singles are still ineligible for rent-geared-to-income assistance, the Province indicated its willingness to fund singles non-profit housing on a pilot

project basis when it announced a variety of housing initiatives in early 1986. In addition, the Convert-to-Rent program which provides interest free loans for the conversion of non-residential properties, has been expanded to include housing for single people. Finally, the Federal government has expanded its Residential Rehabilitation Assistance Program to provide loans for upgrading rooming homes.

In response to provincial initiatives, Metro's Community and Social Services Committee recommended an initial target of 200 low-income units per year for the Metropolitan Toronto Singles Housing Corporation, beginning with 100 units in 1986. The M.T.S.H.C. will provide housing to both independent low-income singles where the main problem is affordability, as well as to those requiring varying degrees of support services. In the latter case, the M.T.S.H.C. would enter into an agreement with social service agencies to provide support services, including property management. While Council has endorsed the targets discussed above, these targets are separate from those previously adopted for family and senior assisted housing, as those targets did not take low-income singles into account.

The findings of a Provincial Task Force examining the problems of roomers and boarders entitled, "A Place to Call Home: Housing Solutions for Low Income Singles in Ontario", has recently been published. Response to the recommendations is not yet available.

The problem of housing affordability for low income singles is not restricted to any one municipality within Metro. To date only the City of Toronto is responding to the identified need. It is essential that all municipalities accept responsibility for providing solutions to the problem.

Municipal zoning by-laws often constitute a stumbling block in efforts to provide singles housing. Minimum unit size, parking requirements and density limits are not adaptable to the requirements for smaller units or shared accommodation. Area municipalities could assist the approval process by reviewing their by-law provisions and incorporating provisions for development of suitable units.

5.6.6 Land Acquisition for Social Housing

A major obstacle in the development of social housing is the inability of community based groups to acquire or option land for a project prior to obtaining final approval and funding from the senior levels of government. In an address to Council in January, 1987, Dennis Flynn, the Metropolitan Chairman, announced the intent to establish a revolving fund to permit the acquisition of land for social housing. In April of this year, Metropolitan Council adopted this recommendation and a $10 million fund has been established for this purpose. On May 1, 1987 and June 26, 1987, Metro council approved the establishment of the Metropolitan Toronto Housing Development Corporation. This constituted a change in name and function of the Metro Toronto Singles Housing Corporation to reflect its broader mandate, including:

- a focus on community education and information regarding the lack of shelter and the need for affordable housing;
- the encouragement of nonstandard housing such as rooms, conversions and infill; and,
- the provision of bridge financing to aid non-profit groups in land acquisition and construction of planned or approved projects.

The availability of this money will provide agencies with greater flexibility in planning for social housing. **With this fund in place, the need for a Metro-wide effort to identify suitable sites for future development as social housing becomes more essential.**

5.7 The Regional Context

This report has indicated that the Metro housing market extends beyond the boundaries of Metropolitan Toronto. An increasing proportion of jobs are locating in the surrounding regional municipalities. The demands on the transportation system within Metro result from these cross-boundary movements.

In examining housing initiatives in the four regional municipalities it is evident that sufficient attention is not being paid to providing housing which meets the

needs of those who hold the less well paid jobs. Rental vacancy rates are low in the regions, as they are in Metro. Relatively lower land costs should make the construction of rental units economically viable, particularly with assistance from senior government incentive programs. The inbalance in the provision of housing in the regions is even more striking in relation to social housing. The four regional municipalities with a total of 486 000 households provide only 7 400 non-senior social housing units (including both market and R.G.I. units). In comparison, Metro with 820 000 households provides about 48 000 non-senior units. The solution is not for Metro to provide less social housing, but for each of the regions to provide more. In view of the large number of industrial and "back office" jobs attracted to the regions there would seem to be a responsibility to provide a suitable housing mix.

The expanding municipalities around Metropolitan Toronto in a sense constitute the new suburbs. Just as co-ordination was needed within Metro in the 1950's in order to ensure a rational allocation of infrastructure, so co-operation between Metro and the regions is required today. If a forum for discussion of mutual problems is to be established, the initiative must come from the provincial government. It is proposed that the Provincial government take the initiative to establish a technical committee composed of Metropolitan Toronto and the four Regional Municipalities of York, Peel, Durham and Halton to discuss issues related to the regional housing market, particularly in respect to the accommodation of rental and social housing units. Such a technical committee would establish the "groundwork" for subsequent action by a committee of elected regional and Metro councillors whose task would be to recommend a plan of action to appropriate Ministers of the Province.

6.0 METROPOLITAN HOUSING POLICIES

6.1 Objectives

The Official Plan For The Urban Structure outlines a series of housing goals and objectives which are mainly directed towards supporting the residential policies of the area municipalities and Metro in:

- the development of vacant residential lands;
- intensification of existing residential uses;
- conversion of non-residential uses;
- siting of housing in and around centres of employment and transportation;
- the provision of housing for low (and middle income households).

These policies must be seen in the larger context of Metro's urban structure. This is gradually changing from the traditional structure of a strong central area of office/commercial and industrial uses surrounded by low density suburbs, to a multi-centered structure of planned suburban commercial and other service sector employment consolidated over a "super" grid of major transit and roads. Modification of the present urban structure means creation of more varied suburban job opportunities, accessible from residential areas by a comprehensive transportation network and served by appropriate infrastructure elements.

Section 3.B.4(a) states that:

> "Future growth in **Metropolitan** population will be at a much slower rate than in the past. In order to fully utilize the investment in infrastructure and public facilities, it will be necessary to promote development and encourage a population increase to 2 500 000 persons or more by the year 2001."

The implication of this statement is that more housing is needed to achieve the desired population because present projections to the year 2001 for only 2 169 500* people are considerably below the 2.5 million target. This means an

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* Metro Facts, Small Area Projections to 2011, Population, Housing and Employment, Metropolitan Toronto Planning Department, June, 1986

additional 400,000 persons. The 2.5 million target prepared on the basis of the 1971 census assumed that household size would remain at about the 1971 level of 3.32 persons per household. It was not until the publication of the 1976 census data that a sharp downward trend in household size was identified. This was verified on the basis of 1981 census data. Present projections suggest that the persons per household in 2001 will be 2.26 and will decline further to 2.17 by 2011. The revised population projections for the Metropolitan Region are shown in Table 13 below.

Table 13:

POPULATION PROJECTIONS
METROPOLITAN REGION

	1985	1991	2001	2011
Metropolitan Toronto	2 154 537	2 174 900	2 169 500	2 138 500
Peel	563 871	694 300	906 700	1 089 600
York	324 064	391 300	509 100	637 000
Durham	314 238	360 600	421 900	484 500
Halton	264 498	312 300	354 000	400 300
Total Four Regions	1 468 671	1 758 500	2 191 700	2 611 400
Total Metro Region	3 623 208	3 933 400	4 361 200	4 749 900

Metro Facts: Small Area Projections to 2011
M.T.P.D. June, 1986

In the light of present projections the 2.5 million target is not realistic (although the transportation and service infrastructure could be upgraded to handle it). The reduction in the birth rate, the low pace of immigration, and the population exodus to the four surrounding regions, are the chief reasons for the static population projections. However, it should be born in mind that the demographic projections are modified by an assessment of housing demand and the extent to which this demand can be accommodated in Metropolitan Toronto. Shifts in

housing preference or the more efficient use of existing residential structures could result in accommodation of a larger population. It is suggested that a revised population target of 2.2 to 2.3 million persons would be reasonable.

Even with a change in the population target, the thrust of the Official Plan policies regarding additional housing units remains valid. Section 3.F.1 states that:

> ". . . **Council** shall support revisions to **Area Municipal** Official Plans and zoning to provide for a significant increase in the number of additional dwelling units which may be constructed. This would be achieved through general increase in allowable densities in subdivisions, infill housing, the development of higher density residential projects in designated **centres** and along **rapid transit** lines and **surface transit** routes . . ."

Within these general outlines Section 3.F.2 specifically limits the direct (housing) involvement of the Metro Council to:

> ". . . the provision of low and moderate income housing through the housing agencies of the **Corporation** and the fair distribution of assisted housing throughout the **Planning Area**."

The implications of this policy have been discussed in Section 2.0 of the report.

6.2 Encouragement of Residential Development

In line with these basic concepts, Section 7.A.1 of the Plan, "Housing and Residential Development", contains a series of policy statements supporting appropriate housing for the target figure of 2.5 million:

"a. to promote efficient development of the diminishing supply of vacant residential lands;

b. to encourage the development of housing forms which are designed to conserve energy;

c. to maintain the existing stock of sound housing in neighbourhood settings;

d. to encourage new residential development to locate near employment activities and transportation facilities at appropriate densities;

e. to have regard for the intent and capability of the **Corporation** to provide those services for which it is responsible;

f. to support **Area Municipal** development policies which are consistent with this **Plan;** and,

g. to promote policies which are aimed at keeping housing costs within the means of a vast majority of households."

These are all areas where Metro Council can exert some influence on area municipalities and the private sector. In terms of development and redevelopment, the general objectives remain valid. Even though they are not strategic for Metro Toronto they form a useful function in the plan.

In the next subsection, 7.A.2, Council qualifies its previous statements by recognizing:

". . . that the most direct contribution and responsibility for market housing rests with the private sector (through development activity), Area Municipalities (through their planning process), and senior governments (through various programs and policies)."

Subsequently, in Section 7.A.3, Council's own role and responsibilities in housing are defined to include:

a. the broad distribution of population and residential development;

b. housing research;

c. the provision of assisted housing; and

d. financial partipation in municipally initiated urban renewal or improved projects which are also financially supported by the Federal and Provincial government(s)."

Subsection 'a' is a Metro concern which is expressed through Official Plan statements on area municipal designation of residential lands, assignment of densities and increasing densities especially around centres and transportation nodes. Through its relationship to Toronto Transit Commission (T.T.C.), Metro is able to affect decisions on transit routes such as the proposed Sheppard subway which will have a significant influence on abutting residential development.

Subsection 'b' is implemented through studies such as this report (as a requirement of Section 7.C), but also involves the Research Division of the M.T.P.D. This division is responsible for assessing and publishing statistics on planning matters, including housing, for the information of the department, Council, and the general public. In addition, the Community Services Department and the Metropolitan Toronto Housing Company Limited undertake housing research in relation to their function.

Through subsection 'c', forms of assisted housing are provided through a series of multi-level programs to low income households. Metro operates the Metropolitan Toronto Housing Co. Ltd. which manages over 2 000 units under the Municipal Non-Profit Program primarily for families as well as 15 000 units for seniors. In addition, the Metro Toronto Singles Corporation is developing new and renovated units for housing purposes. These have been discussed in Section 2.6 of this report.

Subsection 3.d refers specifically to Metro's involvement in the Neighbourhood Improvement Program and its successors in Ontario. Since 1973 there have been 3 similar programs differing only in their funding formulas:

. N.I.P., which was in existence from 1973 to 1978 and was succeeded by:

. N.I.P./C.S.C.P. (Community Services Contribution Program) between 1978 and 1980; and

. O.N.I.P. (Ontario Neighbourhood Improvement Program) 1980.

The first two programs were funded 50% by the Federal government, 25% by the Provincial government and by Metro and the area municipality each contributing half the remaining cost (i.e., 12½%). When the Federal Government terminated its involvement, the Province substituted O.N.I.P with 50% Provincial funding and 50% Municipal funding, to which Metro contributes the same 12½% of the total. Table 14 indicates the number of projects funded and the Metropolitan contribution to the program.

Table 14:

NEIGHBOURHOOD IMPROVEMENT PROGRAMS
METROPOLITAN TORONTO FINANCIAL CONTRIBUTIONS

Program	Receipient Municipality	Projects	Spending to April/86
N.I.P.	Toronto	11	$ 1 644 000
	Etobicoke	2	323 000
N.I.P./C.S.C.P.	Toronto	8	932 900
	East York	1	161 000
O.N.I.P.	Toronto	3	289 500
	East York	2	220 000
	York	1	236 100
Metro Total			**$ 3 806 500**

Source: M.T.P.D., Development Control Divison, April, 1986

The objective of all three programs was the improvement and conservation of municipal services and public utilities in older neighbourhoods. Individual housing improvements are financed under the Residential Rehabilitation Assistance Program (R.R.A.P.).

Criteria for eligibility as N.I.P. (or O.N.I.P.) areas require that the housing be predominately owner occupied, that the community income be below the municipal average and that services, utilities, recreational and social facilities require rehabilitation or improvement. While the programs have resulted in the physical upgrading of neighbourhoods, no assessment has been undertaken to determine whether the social structure of the neighbourhoods has changed. On the basis of current information, no change to Metropolitan policy is proposed from the perspective of the Planning Department.

Section 7.B.2 states:

> "The changing population of **Metropolitan Toronto** requires special sensitivity to the distribution, quantity and mix of various dwelling types. This results from characteristics of age structure, household and family size, non-family households and houshold income. Therefore, **Council** shall generally support and encourage policies that respond favourably to the need for:
>
> a. major increases in the amount of housing suitable for senior citizens;
>
> b. significant increases of rental accommodation;
>
> c. a greater proportion of smaller sized units;
>
> d. lower priced housing; and,
>
> e. variety and mix of dwelling types . . ."

The number and mix of dwelling types can be seen in the tables on housing production contained in the appendix. Most decisions on housing production are made in the private sector, and are subject to the development control policies of each area municipality. Direct Metropolitan input is limited to approval of plans of subdivision and condominiums, and to reviewing development proposals. Metro may object to, or seek modifications to, proposals which do not conform with Metropolitan Official Plan policies. This has tended to relate most specifically to the provison of Metropolitan facilities and infrastructure.

Section 7.B.2.a recognizes the increasing proportion of seniors in the Metro population, a situation that may affect the need for more specialized services for the elderly. In 1985, 12% of the population, or 240 255* people, were over 65. By 2011 this will have doubled to 453 000, or 21% of the Metro Population.** The impact of these numbers on the Metro community, especially with respect to housing and services, has yet to be fully assessed. It would be appropriate in this policy (i.e., Section 7.B.2.a) to include "singles" since they

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* Key Facts 1986, M.T.P.D.

** Projection 1984, M.T.P.D.

have been formally recognized as a separate group in need of specialized types of housing. (See Section 2.6.5. of this report.)

Section 7.B.3 below acts as a guide for the Planning Department's development control policies since Metro is responsible for approving all subdivision applications using authority delegated by the Minister of Municipal Affairs.

Section 7.B.3:

> "**Area Municipalities** shall designate lands for residential development. Such designations shall be supported by **Council** in its consideration of **Area Municipal** Official Plan Amendments, zoning amendments, subdivision and condominium proposals, provided that such designations:
>
> a. follow sound planning principles;
>
> b. adequately consider environmental impact and, in particular, be shown as in compliance with the provincial policies for new residential development affected by noise from airports and noise from provincial highways, as amended from time to time; and
>
> c. are consistent with **Council's** intent and ability to provide reasonable levels of **Metropolitan** services and services of other **Metropolitan** agencies or boards."

Furthermore, it is the intent of Council to support increases to the residential stock by encouraging appropriate residential development in commercial areas, especially in mixed use developments.

These are a series of general statements encouraging increased residential development through municipal zoning designations for exclusive residential use and in mixed use projects. **No substantive change to these statements is proposed.**

The remaining subsections of 7.B.4, 6 and 8 are the subject of an Intensification Report which the M.T.P.D. is now undertaking as part of the Official Plan Review.

6.3 Housing Research

Section 7.C states:

> "The Metropolitan Toronto Planning Department, in consultation with appropriate agencies of the **Area Municipalites,** the Province of Ontario, the Federal Government and the surrounding Regional Municipalities, shall annually report to **Council** its assessment of the housing market."

Since 1981, the Planning Department has produced an annual housing report covering housing production, financing, government incentive programs, the private rental sector and social housing. However, much of the information is reported in the course of the year by other agencies such as C.M.H.C., the Toronto Real Estate Board, and the local press. In addition, the Research Divisions of the Planning Department and of the area municipalities regularly provide statistical information on housing to the public.

Consequently, the annual housing report has ceased to be a useful, up-to-date source of information. A more practical pursuit would be for the Department to take responsibility for preparing reports from time to time on issues which could affect the housing market. As part of the five year Official Plan review process, the Planning Department could also provide a five-year monitoring report. **Revisions to the Plan to implement the above is proposed.**

(Section 7.D., "Assisted Low Income Housing", has already been discussed in the previous chapter under "Social Housing".)

6.4 Moderate Income Housing

Section 7.E. covers the area of moderate income housing. Although the section is entirely permissive, Council in fact has chosen to be involved through its participation in the provision of non-profit housing. Recent changes to the program now ensure a greater mix of income ranges, including a higher proportion of moderate income housing. Section 7.E states:

"**Council** recognizes that primary planning responsiblity for the provision of housing for moderate income households rests with the **Area Municipalities,** but the **Corporation:**

a. may provide assisted moderate income housing through its agencies and may acquire, construct, operate and manage such housing;

b. may support the efforts of **Area Municipalities** and community-based non-profit groups in the production of family accommodation, insofar as the objectives of such groups are consistent with objectives of the **Corporation** and the **Area Municipality;**

c. may support the efforts of the private sector to build lower cost housing as a component of a residential development, insofar as proposals for such residential development are in compliance with **Metropolitan** interest and objectives; and,

d. may assist **Area Municipalities** in the establishment of targets for the production of moderate income housing when so requested by an **Area Municipal** Council."

The major 'actor' responsible for providing housing for moderate income households, however, rests with private enterprise, but this sector has experienced increasing difficulty in providing an adequate supply. The shortage of moderate income rental housing may justify Metro Council taking a more direct role in the development of moderate income housing or in ensuring that municipal regulations do not preclude its provision. In addition to its current role, a number of measures are set out in the Housing Intensification study.

6.5 Groups Homes Policy

A policy to permit group homes as-of-right in all residential areas throughout Metro was adopted by Council as part of its Official Plan in 1980 and approved by the Minister in 1981. Following a series of public meetings and the incorporation of certain changes, the policy was amended in 1983 by Amendment No. 3. The Ontario Municipal Board approved the Amendment, with modification, on November 1, 1984. The policy now appears to be effective in providing for this special housing need of a segment of the Metropolitan population.

Definitions relevant to the Group Home* policy are set out in the below quoted statements from Subsection 1.D of the Plan:

"9(a) Correctional Group Home means a group home operated primarily for persons who have been placed on probation, released on parole or admitted for correctional purposes. ...

15(a) Group Home means a supervised single housekeeping unit in a residential dwelling for the accommodation of three to ten persons, exclusive of staff, who by reason of their emotional, mental, social or physical considtion or legal status, require a group living arrangement for their well-being, and

(i) the members of the group are referred by a hospital, court, or government agency or recognized social services agency or health professional;

(ii) such facility is funded wholly or in part by any government, other than funding provided solely for capital purposes; or

(iii) such facility is licensed or approved under Provincial statute;

and is in compliance with municipal by-laws but does not include any use otherwise classified or defined in this by-law. ...

43(a) Residential Area means any area which is zoned to permit residential uses."

The policy on group homes, while accommodating flexibility in specific application by municipal zoning by-laws, is quite explicit in ensuring that they are a permitted use in all residential areas.

The operative statement of policy is found in Section 7.F which states:

"1. **Area Municipalities** shall ensure that **group homes** are recognized as a permitted use in all **residential areas.**

2. **Area Municipalites,** in implementing Section 7.F.1, shall amend their Zoning By-laws to recognize **group homes** as a permitted use in all **residential areas** and may include zoning provisions specifying:

(a) the distance by which one **group home** may be required to be separated from another;

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* It is noted that, frequently, newspaper stories about "group homes" are in fact about a type of housing that is not a group home as defined by the Metropolitan policy.

(b) the type of dwelling unit in which a **group home** is permitted;

(c) the maximum number of residents permitted in a **group home** in accordance with objectively established residential occupancy standards pertaining to residential dwellings in **residential areas**; and

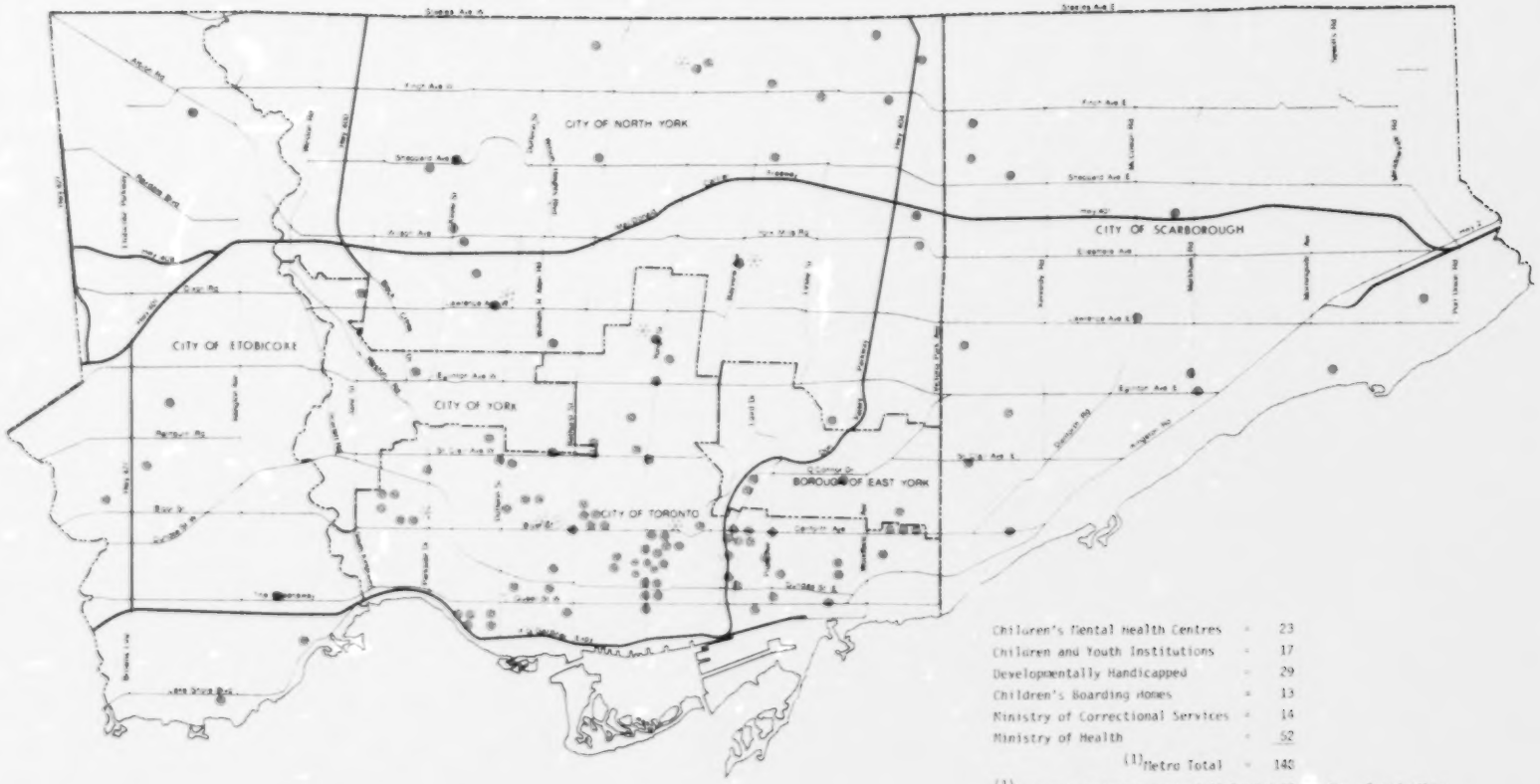
(d) that **correctional group homes** are restricted to properties abutting **arterial roads** in certain **residential areas.**"

In 1985, there were 194 group homes in Metro, the majority (109) being in the City of Toronto. It is anticipated that approval of the Official Plan Amendment No. 3 will result in the more widespread location of group homes in order to provide a more equitable distribution throughout Metro. (See Figure 2.).

Conclusion

These policies on housing in the Official Plan indicate Council's degree of involvement in housing issues. The most direct involvement comes in Metro's support of low income assisted housing through the Metropolitan Toronto Housing Company and the Fair Share Policy. Next has been Metro's financial commitment to neighbourhood improvement policies and its strong policies on group homes, followed by a series of supportive policies which provide some direction on locational criteria for housing.

Within all these policies is the underlying Metropolitan objective of increasing the total number of housing units in pursuit of its long term population goals. The private development industry is recognized as the prime instrument for the realization of these goals. As the future provision of housing becomes more and more a matter of redevelopment, the Metropolitan planning function will tend to be more confined in geographic area (i.e., to those areas subject to redevelopment. But, within those areas the Metropolitan planning function would appear to require more explicit policy if Council's objectives for effective utilization of existing infrastructure and proposed urban structure objectives are to be met. These matters are addressed in the Housing Intensification study.



Children's Mental Health Centres	=	23
Children and Youth Institutions	=	17
Developmentally Handicapped	=	29
Children's Boarding Homes	=	13
Ministry of Correctional Services	=	14
Ministry of Health	=	52
[1]Metro Total	=	148

[1]Does not include a list of 42 funded "Group Homes" and other Licensed Facilities which was received late from the Ministry of Community & Social Services. This will be updated in the next "Key Facts" publication.

*Houses 2 or more programs

**Office of Houselink Community House which administers 19 homes scattered throughout the city whose exact street numbers are not available.

FIGURE 3:
GROUP HOMES, METROPOLITAN TORONTO, 1986

Source:
Ministry of Community & Social Services - Central Regional Office
Ministry of Correctional Services
Ministry of Health

7.0 PROJECTIONS AND CONCLUSIONS

7.1 Introduction

In this chapter, projections of population and household growth will be examined with reference to their effect on housing demand; and to projected employment and labour force data as these affect residential demand estimates. In addition, the housing market for the next quarter century will be discussed in relation to ownership and rental needs as well as private and social housing.

7.2 Projections to 2011

7.2.1 Population and Households

Despite the inevitable growth of the surrounding four regions, Metro Toronto will continue to have the largest concentration of population when compared to each regional municipality. After 2001, its population will decline slightly in comparison to the regions - a characteristic of a maturing metropolis. By 2011, the total population of the four regional municipalities and Metro will reach over 4.7 million. The four regions will have surpassed Metro as they are projected to increase to 2 600 000 or 55% of the Metro region, leaving Metro Toronto with 2 138 500 people.* This indicates a drop of 16 037 from its 1985 population of 2 154 537.

The trend to smaller households will continue in Metro and to a lesser extent, in the four regional municipalities. By 2011, the average Metro household will contain 2.2 persons (compared to 2.6 in 1985) ranging from 2.6 in Scarborough to 2.0 in Toronto. Based on the latest planning department projections, the average in the four surrounding regional municipalities will remain slightly over 3.0.*

But the total number of households will continue to climb in both Metro and the outer regions. By 2011, Metro will have about 985 700 households to 803 000 in the Four Regions, although the Four Regions' rate of growth will be much

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* Small Area Projections, M.T.P.D., 1985

higher.* In Metro, the City of Toronto will show the highest rate of household growth, and the largest number of households in Metro (323 600 out of the total). Two-person households will double and single person households will increase (from 196 200 to 280 700) by 43%. Smaller household composition and the high cost of houses could mean a slight lessening in demand for larger ground related units and an increase in demand for smaller housing units.

Changes in household composition of the elderly in Metro Toronto have occurred as younger family members have moved out to the regions to form their own households, leaving older parents in the family home. This trend is reflected in the slightly younger age representation of families in the Four Regions, while older age groups predominate in Metro.

In reaching the crossover point between commuting distance and housing costs, the trend back to the Metro area has continued. This consists of the so-called white painters, "yuppies", and single person households. Through deconversion of older housing they have caused a serious reduction in the availability of small, low income rental units, especially in the City of Toronto.

7.2.2 Labour and Employment

Aging of the population in addition to out-migration to the surrounding regions, will cause the labour force in Metro to decline in the next few years. By 2011 the labour force of the Four Regions will be slightly larger than Metro (1 276 407 to 1 175 201).* But Metro's employment opportunities will continue to outnumber the four surrounding regions with 1 485 586 Metro jobs compared to 1 079 286 for the four regional municipalities.*

Projections of Metro Toronto's economic future as discussed in the Metropolitan Plan Review report "The Changing Metropolitan Economy" suggest a strong interrelationship of the Toronto Region's economic prosperity with the availability of adequate housing for a well trained and educated service sector

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* Ibid.

employment population. That housing will be made up through the existing housing stock in Metropolitan Toronto in addition to the new units provided by the intensification and redevelopment process within Metro and the provision of new housing in the four regions.

Consequently, Metro Toronto's economic development will be dependant not only upon its own housing stock, but also the stock of the surrounding regions. The parallel economic development pattern (influenced by private sector forces and public sector policy) will be the creation of a higher ratio of jobs to housing than presently exists in the Four Regions, thereby proportionally (but not absolutely) reducing the need for commuting.

7.3 Conclusions

7.3.1 Housing Demand

In response to market demand, single family housing in the Four Regions has increased because of the availability of land. Relatively little growth has occurred in the inner three Metro municipalities of Toronto, East York and York. The only significant growth area in Metro has been in Scarborough.

Research for the Housing Intensification Study, to be published as part of the Metropolitan Plan Review, concluded that there was a 25-year demand in Metro for about 209 000 units, of which approximately 30% would be for rental units. Therefore, the very significant pent up demand for affordable rental housing is a long term issue awaiting resolution. If the private sector is unable to re-enter the market under current conditions, it would appear that some additional level of intervention by government will be necessary. Further intervention in the production of rental housing is inevitable, most likely in the form of increased subsidies. Much greater government involvement in the production of non-profit housing, is another alternative.

Various factors in the economy, including rent review legislation, land availability, and the demand for condominium/single family housing ownership, have led to a drastic reduction in the production of private rental housing. The

market has been clearly split between the private and public sectors. Private developers have gravitated to those areas (i.e., condominiums and ground related single family homes) which provide a good return on investment. **But the needs of moderate income households have been generally ignored. Those at the upper income levels can provide for themselves in the market place, while the lower end fall within the sphere of various government social housing programs discussed previously in this report.**

One part of the solution to the need for affordable private housing would be the encouragement of more condominium development. As a form of home ownership, this presents a very reasonable long term alternative serving a broad socio-economic cross section of the Metropolitan community. In the context of a built up urban area, redevelopment involving condominiums is economically positive both for owner-occupiers and for a significant portion of the higher end of the rental market. **Condominium development for moderate income households should be encouraged.**

This report has briefly reviewed some of the Federal/Provincial programs in effect between 1976 and 1985. These programs provided incentive and encouragement for a periodically depressed construction industry and provided a counterbalance to the particular economic situations facing Ontario (and the nation). While it is counterproductive to downplay the benefits and effectiveness of such programs **over the long term, clearly, previous programs had a limited impact on the Metropolitan Toronto housing market.**

7.3.2 Social Housing

In the assisted housing sector there is a need for additional units. Based on existing allocation policies, **it is very unlikely that the 2 000 units per year targets proposed by the 1983 Assisted Housing Study will be met** because of restrictions on government funding. As more agencies outside of Metro have been funded from the same limited governmental source, there has been a reduction in unit allocations for Metro Toronto. **This will lead to further distortions in the assisted housing market between limited unit availability and lengthy waiting lists for family and singles accommodation.** There also appears

to be a long term need for the production of singles housing, a challenge which Metro Toronto is presently undertaking. **But institutional and community barriers to the production of social housing must be eliminated if the "fairshare" policy is to have relevance.**

7.4 Infrastructure

With respect to the Metro level of services and the capacity of the infrastructure, choices arise. **Should Metro and its constituent municipalities accept the unqualified but presumed economic inefficiency of underutilized facilities, or should serious attempts be made to attain the target population.** The latter choice includes the need to address various techniques of residential intensification now being undertaken through the Metropolitan Plan Review Study of Residential Intensification. The first of these choices will involve greater capital funding in the Metro Region to develop a well integrated commuter transportation network centered on Metro Toronto since present trends indicate the bulk of new housing will be provided in the four surrounding regions. An alternative assumption on regional development would provide for a much greater allocation of jobs and infrastructure to the surrounding regions to match (a) the availability of housing there, and (b) a failure within Metro to accept housing intensification to meet employees needs.

Looking at the overall residential demand estimates for Metro for the next quarter century, in either scenario more efficient use of the existing residential stock and of the land through intensification, conversion, renovation and redesignation of non-residential lands will be necessary.

7.5 Regional Context

Metropolitan Toronto is an integral part of the larger regional housing market. Decisions concerning the type, density or cost of housing provided in the surrounding original municipalities affects housing demand within Metro. At present, no attempt has been made to co-ordinate housing policy within the region. Of particular urgency are the shortfalls being experienced in the

provision of rental and social housing beyond Metro's boundaries. Provincial initiative is required to provide a forum for discussion of the implications of housing policy in the regional context.

7.6 Official Plan Housing Policies

Generally the Official Plan policies cover Metro's limited housing involvement adequately. However, the population premise outlined in Section 3.B.4.a "Concept For The Urban Structure" of 2 500 000 persons for the year 2001 requires a downward revision in light of current projections.

As previously noted, the change stems from a projected reduction in household size from 3.32 persons per household in 1971 to 2.26 in 2001. **Even with these revised projections, the thrust of Metro's housing policies, i.e., towards increasing the number of new and converted assisted housing units through the process of intensification, remains valid since the number of households is projected to increase.**

The question remains as to whether Metro should assume a stronger role in the development of affordable housing. This could include increased involvement in the development of moderate/low income housing such as the development of housing on surplus lands belonging to the Corporation. Or it could mean a stronger Metro voice in the distribution of assisted family and singles accommodation in the Metropolitan federation.

Since the Official Plan was produced in 1983 there have been some significant changes in housing demand both physically and socially as households have increased in number but reduced in size.

One has been the dramatic increase in condominium development. This type of housing is seen as part of the solution to the shortage of rental units and affordable private housing for moderate income people who prefer to live in the Metro Toronto area.

Since the popularity of condominiums indicates that they will become an important segment of the private housing market, some reference to these should be included in the Official Plan as is anticipated to be reported in the Housing Intensification report.

The creation of the Metro Singles Housing Corporation has given official recognition to the needs of low income single people in the housing market. In order to distinguish them from family and seniors households, singles (under 50) should be recognized in the plan as the third major client group in need for assisted housing. (Note: Singles over 50 years old may apply for seniors housing.)

In light of the limited vacant land available for new housing in Metro, the Official Plan has stressed the need for intensification policies of infill rehabilitation and renovation. The use of conversion for adding units to existing homes and changing non-residential space into residential, should also be recognized as a contributing element to the intensification process. Recommendations on intensification are contained in the Housing Intensification report.

RECOMMENDATIONS

1. The senior levels of government should undertake an assessment of the effectiveness in Metropolitan Toronto of the various incentive programs for rental housing production in order to determine an effective formula for such programs in Metropolitan Toronto. As an alternative, funds from senior levels of government should be directed in Metropolitan Toronto to the provision of mixed income social housing.

2. The Official Plan requirement to produce an Annual Housing Report (Section 7.C) should be amended to provide for (a) on-going monitoring of the housing market and reporting from time to time of related emerging issues, and (b) a review of the housing market to be undertaken every five years (and in relation to the census.)

3. Metro Toronto and the area municipalities should co-operate in identifying sites for social housing in order that fair share targets can be achieved, and that this be referenced as an implementation policy in the Official Plan.

4. Section 7 of the Official Plan should be amended to recognize:

   . the separate senior/non-senior social housing targets adopted by Council;

   . Metro's role in the provision of affordable housing for low-income singles.

5. Area municipal by-laws should include provisions which respond to the requirements of singles housing (floor space index controls, small unit size, lowered parking requirements).

6. Consideration be given to revision downward of the Official Plan population target from 2.5 to 2.3 million by the year 2011.

7. The Provincial Government should be requested to establish housing strategies for the Toronto Region housing market, particularly in respect to the accommodation of private rental and social housing units, such strategies to be developed in consultation with Metropolitan Toronto and the Regional Municipalities of Peel, York, Durham and Halton.

APPENDIX

Table A1

COMPLETIONS BY UNIT TYPE AND AREA MUNICIPALITY
METROPOLITAN TORONTO 1976–1985

	1976	1977	1978	1979	1980	1976–1980 Annual Average	1981	1982	1983	1984	1985	1986	1981–1986 Annual Average	(%)	Total Completions 1976–1986
East York															
Single	25	44	28	33	30	32	26	19	17	18	12	19	18	15	271
Semi	2	6	16	8	-	6	-	2	2	2	2	-	1	1	40
Row	6	10	5	25	-	9	-	-	-	-	-	-	0	0	46
Apartment	219	2	-	111	-	66	-	-	131	-	256	201	97	84	918
Total	252	62	49	177	30	113 (1)	26	21	150	20	268	220	117 (1)	100	1 275
Toronto															
Single	47	33	52	60	30	44	46	62	56	82	102	93	73	3	663
Semi	66	76	104	132	104	96	196	162	34	66	128	76	110	3	1 144
Row	89	171	362	447	662	346	416	290	133	8	73	77	166	7	2 728
Apartment	2 457	1 002	3 131	2 578	3 264	2 486	1 825	2 362	2 211	1 906	1 667	2 066	2 006	85	24 469
Total	2 659	1 282	3 649	3 217	4 060	2 972 (21)	2 483	2 876	2 434	2 062	1 970	2 312	2 355 (28)	100	29 004
York															
Single	37	26	30	35	22	30	23	20	10	26	13	20	18	5	262
Semi	6	8	22	62	14	22	29	84	18	26	28	32	35	9	324
Row	-	-	-	-	-	-	177	-	-	-	-	-	29	7	177
Apartment	1 274	503	560	273	-	522	432	420	578	2	144	331	318	79	4 517
Total	1 317	537	612	370	36	574 (4)	656	524	606	54	185	383	401 (5)	100	5 280
Etobicoke															
Single	281	531	195	248	417	334	915	793	453	118	108	143	421	44	4 202
Semi	136	68	50	50	206	102	46	72	12	2	2	-	22	2	644
Row	64	92	282	53	243	147	10	12	14	-	0	75	18	2	845
Apartment	1 519	2 002	980	1 281	1 113	1 379	161	814	18	809	361	786	492	52	9 844
Total	2 000	2 693	1 507	1 632	1 979	1 962 (14)	1 132	1 691	497	929	471	1 004	954 (11)	100	15 535
North York															
Single	327	368	383	340	466	377	443	326	190	194	237	305	283	19	3 579
Semi	20	90	108	266	166	130	536	366	114	2	16	2	171	12	1 680
Row	526	362	275	107	234	301	63	57	-	64	-	-	31	2	1 688
Apartment	2 957	1 626	1 333	2 595	1 960	2 094	1 071	829	1 666	1 534	480	412	997	67	16 454
Total	3 830	2 446	2 099	3 308	2 826	2 902 (21)	2 113	1 569	1 970	1 794	727	719	1 482 (18)	100	23 401
Scarborough															
Single	1 336	386	673	1 477	1 445	1 063	1 010	715	2 871	2 165	2 326	2 065	1 858	61	16 469
Semi	950	830	984	674	862	860	370	268	18	4	4	12	109	4	4 956
Row	1 117	900	2 018	1 086	747	1 174	483	650	456	169	199	-	326	10	7 825
Apartment	1 356	2 682	3 331	2 009	1 873	2 250	570	337	2 011	1 087	20	576	767	25	15 852
Total	4 759	4 798	7 006	5 246	4 927	5 347 (39)	2 433	1 950	5 356	3 425	2 549	2 653	3 061 (37)	100	45 102
Metro Toronto															
Single	2 053	1 388	1 361	2 193	2 410	1 881	2 463	1 935	3 597	2 603	2 798	2 645	2 671	32	25 896
Semi	1 180	1 078	1 284	1 192	1 352	1 216	1 172	934	198	102	174	122	448	5	8 788
Row	2 020	1 535	2 942	1 718	1 886	1 977	1 149	1 009	603	241	272	152	510	7	13 527
Apartment	9 516	7 817	9 335	8 847	8 216	8 797	4 059	4 753	6 615	5 338	2 926	4 372	4 677	56	71 788
Total	14 769	11 818	14 922	13 950	13 858	13 871 (100)	8 843	8 631	11 013	8 284	6 170	7 291	8 366 (100)	100	119 599

Source: C.M.H.C., Toronto Office

Table A2

COMPLETIONS BY TYPE FOR FOUR REGIONAL MUNICIPALITIES, METROPOLITAN TORONTO AND METROPOLITAN REGION 1976-1985

	1976	1977	1978	1979	1980	1976-1980 Average	1981	1982	1983	1984	1985	1986	1981-1986 Annual Average	Total Completions 1976-1986
Peel														
Single	2 512	2 239	1 738	2 478	2 492	2 292	3 654	2 626	4 374	3 969	3 822	6 333	4 129	36 237
Semi	1 900	1 958	1 250	1 660	1 596	1 673	2 024	726	376	34	70	34	554	11 688
Row	1 395	3 246	2 224	2 559	987	2 080	893	920	331	188	216	416	494	13 375
Apartment	2 972	2 594	2 285	3 938	1 534	2 664	2 672	2 891	1 621	3 102	956	222	1 910	24 787
Total	8 779	10 037	7 497	10 635	6 609	8 709 (48)	9 243	7 163	6 702	7 293	5 064	7 065	7 088 (40)	86 087
York														
Single	1 140	1 129	1 090	2 486	2 836	1 736	4 100	2 981	5 071	5 498	5 969	7 728	5 224	40 028
Semi	14	88	306	1 274	1 036	544	588	580	206	12	-	20	234	4 124
Row	218	665	317	578	644	484	355	273	14	385	157	240	237	3 846
Apartment	826	517	343	138	732	511	31	102	61	191	39	535	160	3 515
Total	2 198	2 399	2 056	4 476	5 248	3 275 (18)	5 074	3 936	5 352	6 086	6 165	8 523	5 856 (33)	51 513
Durham														
Single	1 063	1 561	1 301	1 262	875	1 212	1 274	1 223	2 440	2 181	2 638	3 991	2 291	19 809
Semi	1 125	1 003	640	458	202	686	404	273	285	36	76	210	214	4 712
Row	1 442	1 598	1 127	196	110	894	24	80	276	225	86	10	117	5 172
Apartment	1 082	1 427	656	921	111	839	306	180	760	536	65	116	327	6 160
Total	4 712	5 589	3 724	2 835	1 298	3 631 (20)	2 008	1 756	3 761	2 978	2 865	4 327	2 949 (17)	35 853
Halton														
Single	1 077	948	540	1 324	969	982	1 135	656	1 152	1 062	1 586	1 514	1 184	11 963
Semi	112	190	794	540	437	415	404	162	56	46	70	24	127	2 835
Row	836	502	626	216	184	473	190	254	127	352	230	178	221	3 695
Apartment	1 016	389	852	708	282	649	306	170	249	109	172	359	227	4 612
Total	3 041	2 029	2 812	2 788	1 872	2 519 (14)	2 035	1 242	1 584	1 569	2 058	2 075	1 760 (10)	23 105
4 Regions														
Single	5 792	5 877	4 719	7 550	7 172	6 222	10 163	7 486	13 037	12 710	14 015	19 566	12 829	108 087
Semi	3 151	3 239	2 990	3 932	3 271	3 317	3 420	1 741	923	128	216	348	1 129	23 359
Row	3 891	6 011	4 294	3 547	1 925	3 934	1 462	1 527	748	1 150	689	844	1 070	26 088
Apartment	5 896	4 931	4 136	5 705	2 659	4 663	3 315	3 351	2 691	3 938	1 232	1 232	2 626	39 086
Total	18 730	20 058	16 139	20 734	15 027	18 136 (100)	18 360	14 105	17 399	17 926	16 152	21 990	17 655 (100)	196 570
Metro Toronto														
Single	2 053	1 388	1 361	2 193	2 410	1 881	2 463	1 935	3 597	2 603	2 798	2 645	2 671	25 446
Semi	1 180	1 078	1 284	1 192	1 352	1 216	1 172	934	198	102	174	122	448	8 788
Row	2 020	1 535	2 942	1 718	1 886	1 977	1 149	1 009	603	241	272	152	570	13 527
Apartment	9 516	7 817	9 335	8 847	8 210	8 797	4 059	4 753	6 615	5 338	2 926	4 372	4 677	71 788
Total	14 769	11 818	14 922	13 950	13 858	13 871 (100)	8 843	8 631	11 013	8 284	6 170	7 291	8 366 (100)	119 549
Metro Region														
Single	7 845	7 265	6 080	9 743	9 582	8 103	12 626	9 241	16 634	15 313	16 813	22 211	15 500	133 483
Semi	4 331	4 317	4 274	5 124	4 623	4 530	4 592	2 675	1 121	230	390	470	1 577	32 147
Row	5 693	7 546	7 236	5 265	3 877	5 910	2 611	2 536	1 351	1 391	961	996	1 640	39 463
Apartment	15 678	12 748	13 471	14 552	10 869	13 463	7 374	8 104	9 306	9 276	4 138	5 604	7 303	111 140
Total	33 547	31 876	31 061	34 684	28 951	32 011	27 203	22 556	28 412	26 210	22 322	29 281	26 020	316 233

Source: C.M.H.C., Ontario Region Office

CONDOMINIUMS: SUBMITTED, DRAFT APPROVAL AND FINAL APPROVAL BY UNIT TYPE AND DEVELOPMENT STATUS IN METROPOLITAN TORONTO, 1985

	TOWNHOUSE		APARTMENT		TOTAL	
	Conversion	New	Conversion	New	Conversion	New
Toronto						
Submitted	-	94	7	809	7	903
Draft Approval	4	97	4	549	8	646
Final Approval	2	3	21	1 157	23	1 160
East York						
Submitted	-	-	-	-	-	-
Draft Approval	-	-	16	-	16	-
Final Approval	-	-	8	-	8	-
York						
Submitted	-	-	540	-	540	-
Draft Approval	-	-	-	15	-	15
Final Approval	-	-	-	-	-	-
Etobicoke						
Submitted	-	67	-	253	-	320
Draft Approval	-	-	-	-	-	-
Final Approval	-	-	-	431	-	431
North York						
Submitted	-	-	-	258	-	258
Draft Approval	345	-	-	218	345	218
Final Approval	-	17	64	599	64	616
Scarborough						
Submitted	-	98	-	230	-	328
Draft Approval	-	-	-	-	-	-
Final Approval	-	322	-	438	-	760
Metropolitan Toronto						
Submitted	-	259	547	1 550	547	1 809
Draft Approval	349	97	20	782	369	879
Final Approval	2	342	93	2 625	95	2 967

Source: Development Control
Metropolitan Toronto Planning Department, 1986

SOCIAL HOUSING INVENTORY IN METROPOLITAN TORONTO
DECEMBER, 1985

	Family	Senior	Mixed	Total
Metropolitan Toronto Housing Company				
R.G.I.	347	15 187	204	15 738
Market	1 043	-	203	1 246
Total	1 390	15 187	407	16 984
M.T.H.A. Public Housing				
R.G.I. (only)	19 626	9 383	N/A	29 009
M.T.H.A. Rent Supplement				
R.G.I. (only)	955	1 777	N/A	2 732
Cityhome				
R.G.I.	-	-	1 697	1 697
Market	-	-	3 231	3 231
Total	-	-	4 928	4 928
Co-operatives				
R.G.I.*	1 195	158	40	1 393
Market	3 590	158	122	3 870
Total	4 785	316	162	5 263
Private Non-Profit				
R.G.I.*	701	1 110	94	1 905
Market	2 106	1 100	734	3 940
Total	2 807	2 210	828	5 845
Total				
R.G.I.	22 824	27 605	2 035	52 474
Market	6 739	1 258	4 290	12 287
Total	29 563	28 863	6 325	64 761

*Actual R.G.I. units not available. Assumed 25% for family projects and 50% for seniors' projects.

VACANCY RATES FOR APARTMENTS IN TORONTO C.M.A.
OCTOBER 1984, 1985, 1986

Municipality	Oct. 1984	Oct. 1985	12 mo. change	Oct. 1986	12 mo. change
Toronto	0.6	0.4	-0.2	0.2	-0.2
East York	0.2	0.1	-0.1	0.1	0.0
York	0.4	0.2	-0.2	0.0	-0.2
Etobicoke	0.2	0.1	-0.1	0.1	0.0
North York	0.3	0.1	-0.2	0.1	0.0
Scarborough	0.3	0.2	-0.1	0.1	-0.1
Metropolitan Toronto	0.4	0.2	-0.2	0.1	-0.1
Mississauga	1.7	0.8	-0.9	0.2	-0.1
Brampton	3.1	2.7	-0.4	0.4	-0.6
Richmond Hill	0.2	0.0	-0.2	0.1	-2.3
Ajax	1.2	-	-1.2	0.1	0.1
Aurora	0.5	0.2	-0.3	0.1	-0.1
Markham	0.5	-	-0.5	0.5	-
Oakville	0.2	0.5	0.3	0.3	-0.2
Vaughan/King/Caledon	-	-	-	-	-
Metro Toronto C.M.A.	0.6	0.4	-0.2	0.1	-0.3

Source: C.M.H.C., Rental Apartment Vacancy Survey, October 1984, 1985, 1986, Toronto C.M.A.

Note: Ajax - includes Pickering
Aurora - includes Newmarket, East Gwillimbury and Whitchurch-Stouffville

Table A6

DISTRIBUTION OF HOUSEHOLDS AND RENT-GEARED-TO-INCOME UNITS IN METROPOLITAN TORONTO, 1985

	Non-Senior				Seniors				Total			
	R.G.I. Units		Households		R.G.I. Units		Households		R.G.I. Units		Households	
Toronto	7 761	(31.2%)	210 910	(31.2%)	9 658	(35.0%)	44 759	(31.2%)	17 419	(33.2%)	255 729	(31.2%)
East York	164	(.6)	33 167	(4.9)	530	(1.9)	9 981	(6.9)	694	(1.3)	43 148	(5.3)
York	881	(3.5)	42 612	(6.3)	2 474	(9.0)	10 976	(7.6)	3 355	(6.4)	53 588	(6.5)
Etobicoke	2 651	(10.7)	89 317	(13.2)	2 493	(9.0)	21 633	(15.0)	5 144	(9.8)	110 950	(13.5)
North York	7 065	(28.4)	162 194	(24.0)	5 460	(19.8)	35 584	(24.6)	12 525	(23.9)	197 778	(24.1)
Scarborough	6 337	(25.5)	137 543	(20.4)	6 990	(25.3)	21 723	(15.0)	13 327	(25.4)	159 266	(19.4)
Total	24 859	(100.0%)	675 803	(100.0%)	27 605	(100.0%)	144 656	(100.0%)	52 464	(100.0%)	820 459	(100.0%)

Note: R.G.I. Units based on 25% R.G.I. ratio in family or mixed co-operatives and private non-profits and 50% in seniors projects.

Table A6

Table A7:

SOCIAL HOUSING COMMITMENTS FOR METROPOLITAN TORONTO - 1980-1985

Programs		1980	1981	1982	1983	1984	1985
56.1	Private Non-Profit	1 823	1 460	677	686	1 060	693
56.1	Co-operative	798	1 080	957	810	572	347
44.1(a)	100% Senior, Scattered Rent Supplement	245	376	13	44	254	344
56.1	Municipal Non-Profit	176	560	786	841	297	268
		3 042	3 476	2 433	2 381	2 183	1 654

Source: C.M.H.C. Toronto Office, January, 1986

Table A8:

WAITING LISTS FOR ASSISTED HOUSING IN METROPOLITAN TORONTO 1984-1985
JANUARY 1984, 1985, 1986

		Senior Applicants			Family Applicants			Single (under 60) Applicants		
		1984	1985	1986	1984	1985	1986	1984	1985	1986
Metropolitan Toronto Housing Co. Ltd.		1 704	1 739	2 041	887	644	731	160	97	145
Metropolitan Toronto Housing Authority		368	342	421	5 687	4 280	4 386	205	378	547
City of Toronto Housing Department (Cityhome)		781	856	370	2 816	3 277	1 482	1 591	1 740	816
	Gross	2 853	2 937	2 832	9 390	8 201	6 599	1 956	2 215	1 508
Total	Net	2 563	2 595	2 419	8 801	7 401	5 947	1 887	2 090	1 367

Total of Combined Lists		
	1984	13 251
	1985	12 086
	1986	9 733

Source: Greater Toronto Waiting List Exchange
Ontario Ministry of Housing

INFORMATION TO THE READER

This report is one of two background and proposals studies undertaken in the general area of "housing" as part of the Metropolitan Plan Review; the other report is entitled "Housing Intensification".

All members of the community are invited to comment on the matters presented. It is hoped that individuals and organizations with particular expertise on items raised here, will convey their conclusions, concerns and recommendations. These comments will be considered and reported in the preparation of policy recommendations which will follow.

Submissions should be sent to:

Metropolitan Toronto Planning Department
Policy Development Division
East Tower, 11th Floor
City Hall
Toronto, Ontario
M5H 2N1

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The "Metropolitan Plan Review" is a program to review the Official Plan For The Urban Structure: Metropolitan Toronto. The program was adopted by Metropolitan Council in March of 1986 and is available in printed form as "Report No. 1: Program, Metropolitan Plan Review". Copies are available from the above address.